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*THE ECONOMIC INTERPRETATION
OF HISTORY.*

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LONDON T. FISHER UNWIN.

THE ECONOMIC INTERPRETATION OF HISTORY

(LECTURES DELIVERED IN
WORCESTER COLLEGE HALL, OXFORD, 1887-8)

BY

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"A HISTORY OF AGRICULTURE AND PRICES IN
ENGLAND," ETC.

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PREFACE.

THE lectures contained in this volume were delivered in the hall of the author's College (Worcester, Oxford) in his capacity as lecturer in Political Economy to that Society. They were open to all members of the university, and were very numerous attended. I mention this, because, being printed as they were read, the fact may explain or excuse the various local allusions which they contain, and the occasional repetitions of statement which will be found in them. The business of a lecturer is to teach as best he can.

I should be the last person to deny that there are economical generalities which are as universal in their application as they are true. Such, for example, are those which affirm that the individual has an inalienable right to lay out his money, or the produce of his labour to the best advantage, and that any interference with that right is an abuse of power, for which no valid excuse whatever has been, or can be, alleged. In other words, there is no answer to the claim of free exchange. Of course I am well aware that an answer has been attempted, and that civil government constantly invades the right. The invasion is brigandage under the forms of law. Other illustrations can be given, as that the police of society must always regulate the trade in instruments of credit, that certain services are part of the function of government, that the satisfaction of contracts, under an equitable interpretation, must be guaranteed, that the only honest rule in taxation is equality of sacrifice, with what such a rule implies or involves, and so on. It is very likely that in practice government violates these economical principles, and gives more or less plausible reasons for

its misconduct. And as wrongs done by government have an enduring effect, it is difficult, if not impossible, to interpret any problem in political economy, without taking into account those historical circumstances of which the present problem is frequently the result, and occasionally to examine the present political situation. In brief, any theory of political economy which does not take facts into account is pretty sure to land the student in practical fallacies of the grossest, and in the hands of ignorant, but influential people, of the most mischievous kind. I could quote these fallacies by the dozen. Some have been over and over again refuted ; others still possess vitality. Some are slowly losing their hold, especially in practical politics, which is becoming every day more economical. Many of these errors die hard, especially when they assume the form of a vested interest ; sometimes they are maintained as part of the continuity of policy ; sometimes they are defended by bold and baseless assertions. In time, they become the subjects of parliamentary compromise, at last they are swept away and repudiated. Any student of the economical laws which can be found in the historical statute book, will constantly find that the wisdom of one generation is the folly of another.

Many years ago I began to suspect that much of the political economy which was currently in authority was a collection of logomachies, which had but little relation to the facts of social life. Accident, and some rare local opportunities, led me to study these facts in the social life of our forefathers, facts of which the existence was entirely unsuspected. I began to collect materials, chiefly in the form of prices, and at first of the necessaries of life. But I soon widened my research, and included in my inquiry everything which would inform me as to the social condition of Englishmen, six centuries ago and onwards. Gradually, I came to see how Englishmen lived through these ages, and to learn, what, perhaps, I can never tell fully, the continuous history of social life in this country, up to nearly recent times, or at least till that time in which the modern conditions of our experience had been almost stereotyped. By this study, I began to discover that much which popular economists believe to be natural is highly artificial ; that what they call laws are too often hasty, inconsiderate, and inaccurate inductions ; and that much which they consider to be

demonstrably irrefutable is demonstrably false. I have often had to conclude that the best-intentioned thinkers and writers have been supremely mischievous, and that in attempting to frame a system, they have wrecked all system. It must, I think, be admitted that political economy is in a bad way : its authority is repudiated, its conclusions are assailed, its arguments are compared to the dissertations held in Milton's Limbo, its practical suggestions are conceived to be not much better than those of the philosophers in Laputa, and one of its authorities, as I myself heard, was contemptuously advised to betake himself to Saturn. Now all this is very sad. The books which seemed to be wise are often compared to those curious volumes of which the converts at Ephesus made a holocaust. And the criticism is just.

The distrust in ordinary political economy has been loudly expressed by working men. And, to speak truth, one need not wonder at it. The labour question has been discussed by many economists with a haughty loftiness which is very irritating. The economist, it is true, informs them, that all wealth is the product of labour, that wealth is labour stored in desirable objects, that capital is the result of saved labour, and is being extended and multiplied by the energies of labour. Then he turns round, and rates these workmen for their improvidence, their recklessness, their incontinence in foolishly increasing their numbers, and hints that we should be all the better off if they left us in their thousands, while there are many thousands of well-off people whose absence from us would be a vast gain. I have never read in any of the numerous works which political economists have written, any attempt to trace the historical causes of this painful spectacle, or to discover whether or no persistent wrong doing has not been the dominant cause of English pauperism. The attempts which workmen have made to better their condition have been traduced, or ignored, or made the subject of warnings as to the effects which they will induce on the wage fund, this wage fund, after all, being a phantasm, a logomachy. In the United States the case is worse. A writer will publish a book on wages, and deliberately ignore the effect of the American tariff on the real wages of workers. If he knows anything at all of what he is writing about, and is not merely writing for office, he should be aware that no fertile customs revenue can come from anything

but the expenditure of the poor, and should not need that Mr. Washbourne, the late Minister of the Union at Paris, should tell him, that smuggling is an all-devouring passion with the wealthy American, and the corruption of revenue officers the constant machinery for the practice.

Two things have discredited political economy—the one is its traditional disregard for facts ; the other, its strangling itself with definitions. The economist has borrowed his terms from common life. Now, unless the words one uses are strictly limited in meaning, as those are which express geometrical forms, or chemical compounds, no word, and for the matter of that no definition of the word, ordinarily covers what the man who uses the word intends by it. He gives, may be, a definition of the thing or thought, and succeeding writers who inherit his word begin to expand or vary it, not taking counsel with the facts, but only with their own experiences or impressions. Now word-splitting and definition-extending is a most agreeable occupation. It does not require knowledge. It is sufficient to be acute. Persons can spin out their definitions from their inner consciousness by the dozen, aye, and catch the unwary in the web. But, above all things, the economist claims to be practical. He is engaged, as he tells you, in the analysis of social man, from a particular point of view. This view is especially the function of government and the state. If his conclusions are taken rightly, they are, or should be, the basis of Parliamentary and Administrative action. But it is appalling to think of what the consequences would have been, if some so-called economical verities had been translated into law. It is grievous enough to note what the consequences have been, when some of these rash inferences have been accepted as guides in statesmanship. I have attempted to illustrate what I mean in these lectures.

The lawyer gives an arbitrary meaning to words or phrases, and will not suffer these meanings to be traversed. Unless he did so, the practice of law would be an impossible chaos. It does not signify to him that a conveyance to a man and his heirs was meant to give two estates. He insists that in his language it only gives one, in the first place, probably, for Biblical reasons. The same fact applies to the meaning which it assigns to words implying certain commercial instruments. Mr. Justice

Byles defines the legal meaning of a bill of exchange, and his definition is accepted as conclusive, as regards drawer, acceptor, and negotiators. It is no use to wrangle whether the judge's definition is capable of amendment. It is sufficient that the interpretation is fixed, beyond cavil or dispute. But there are subjects of the profoundest human interest in which no such final authority is accepted. These have been strangled by dogmas, definitions, logomachies, till the spirit of the whole matter evaporates in airy metaphysics. Now in the midst of this idle and unprofitable strife of tongues, it is not wonderful that there are people who think that the Gallios ought not to be censured for indifference. But where authority is not allowed to define words, the wrangle as to their meaning is perennial.

My treatment, then, of my subject is as follows. You have a number of social or economical facts, many of them containing problems of a serious and urgent character. So serious are they that many persons—an increasingly large number of persons—demand, if no other solution is to be given, that society must be reconstructed on new lines, as Frankenstein made his man, or monster. To meet these people with the law of supply and demand, to point out to them the bliss of unrestricted competition, and to rebuke them with the Malthusian law of population, the Ricardian theory of rent, and the margin of unproductive cultivation, is to present them with logomachies which they resent. They believe that economists are uttering optimism to order. In a vague way, they are under the impression that the greater part of the misery which they see is the direct product of laws, enacted and maintained in the interest of particular classes. And, on the whole, they are in the right. Most of the problems which vex society have an historical origin, sometimes a present cause, though more rarely.

Now I made it my business in these lectures, as I have done in others, since I have been restored to an office of which I was deprived because I traced certain social mischiefs to their origin, twenty years ago, to examine into and expound the history of social facts. Of course I am almost entirely the authority for the facts which I cite, with one notable exception, *i.e.*, the economical laws in the Statute Book. These laws are not to be found in the volumes which go by the name of the statutes at large, for when the law has

been repealed, or become obsolete, or was temporary only, it is dropped out of these collections, and very few lawyers know anything of the history of law. They are to be found only in the collection which was published at the beginning of the century, and was continued to the accession of the House of Hanover. These lectures, then, are mainly founded on the facts which are collected in my history of prices, and I presume that even the most arrogant of the metaphysical economists will allow that the facts of social life go for something in the solution of economical questions. If he does not, I will leave him, like the poet in Horace, to his madness.

My reader will find that I occasionally refer to the experiences which I gained when I was in the House of Commons. Many of my audience were young men, to whom this kind of position is likely to be an early object of ambition. Now I am not one of those who deprecate party strife. I know that rightly taken, party is the perpetual struggle of good against evil, and I have a tolerably clear instinct, fortified into conviction, of where the evil always is with which the good battles. But the experience of Parliamentary life, to him who will learn, teaches one how just but angry discontent is baffled, of how one must wait for opportunities in order to undo wrong-doing, and how, under the name of compromises, one has to accept half for whole truths. And besides, the sphere of political action is so vast and so complicated, the forms of our Constitution give so enormous a power to the Administration, and all administrations are so enamoured of the possible, instead of the true, that no more instructive education can be given one than to watch and take part in the battle of Parliamentary forces. To the historical economist, the lesson is invaluable. I think I have almost exhausted the lesson in my own person, or at least to my own capacity.

It is no doubt more profitable to an economist to be an optimist or an alarmist, to dilate on the numbers and the wages of the working classes with one, to predict the exhaustion of coal with another, and to dwell on the margin of cultivation with a third. But the progress of the working classes is exceedingly unsatisfactory, and has been enormously exaggerated by those who have written on it; while the exhaustion of coal and the margin of cultivation are scares,

which, I think, I have generally disposed of in these pages. But, in point of fact, these economists have generally been fairly well-to-do people, who have only had a lofty sympathy with those who struggle for a living. And the worst of it is, that they are so profoundly ignorant of the social facts on which they profess to be dogmatic. A man will chatter over the margin of cultivation who does not know a field of wheat from a field of barley; of the exhaustion of coal deposits when he does not know their extent, and is not aware of the economies of their use; of the condition of workmen, when he is entirely unacquainted with the fact that they were cruelly oppressed up to recent times. For political economy like this I have, and I trust I always shall have, the heartiest contempt.

Of course a resolute determination to look into and substantiate the causes which have so mightily hindered the economic progress of my countrymen is unpopular with the least deserving and least valuable, but often most powerful, classes of the community. I had some time ago to demand of the chivalrous Lord Iddesleigh, that he should substantiate a charge of communism which he made against me, by reference to anything which I had said or written in favour of a violent reconstruction of society. He was constrained to admit that he had found, and could find nothing, and politely congratulated me on not being associated with such a platform. But I have constantly noticed that men who are entirely devoid of any sense of political and social justice are fond of charging their critics with sinister designs against property and order. So I am told that some of the frantic advocates of violent reconstruction allege that I am a socialist without knowing it. But I know very well what is the issue, the natural, just, and inevitable issue, of all attempts to cure wrong-doing by violence, and to meet the misdeeds of government by a propaganda of anarchy.

The strength of communism lies in the misconduct of administrations, the sustentation of odious and unjust privilege, and the support of what are called vested interests, *i.e.*, what is in the main an indefensible position or an indefensible claim to economic existence. I have pointed out what is the nature of some among these grave social evils in the following pages, and though I cannot foresee that the English people will be induced to accept the theories of those who would recast society by the forcible appro-

priation of land and capital, yet it is quite reasonable to predict that they who have hitherto taken an unfair advantage of their position and their influence, may hereafter get less than justice from instructed discontent. The policy which puts all local taxation on occupiers, which allows the owners of mansions and parks to be judges of their own contributions to taxation, the rapine which confiscates improvements under the pretence of free contracts, will sooner or later be met with a reversal which will be far from agreeable to those who profit by present conditions. In nothing is this more visible than in agriculture, where the confiscation of the tenants' capital has been followed by the destruction of British agriculture, and as yet by ignorant discontent. But it is clear that the control of the landowner's power in the disposition of his rights is imminent, that it is nearly completed in Ireland, that it is making great progress in other parts of Great Britain, and that it is rapidly coming within the range of practical politics. The joint ownership of landlord and tenant, in which the interest of the former is to be fixed, that of the latter is to be improvable, is already advocated by persons of no mean influence. The Agricultural Holdings Act is an instalment, a compromise, the complement of which is not far distant. The claim made to the unearned increment is met by the demand that this very increment should be the object of exceptional taxation, and the demand is daily becoming more minatory and coherent. Englishmen are beginning to see that their domestic troubles are mostly of their own making, and when they learn the causes, they will be wholesale in their remedial measures.

Political economy, rightly taken, is the interpretation of all social conditions. It is justly distrusted if it is suspected of being a defence of abuses. In the theory as to how wealth is distributed, the true centre of all economical inquiries, the suspicion that it deliberately advocates an unjust distribution, hopelessly discredits it. And when men despair of equity, the just rights of those who have strained those rights are in danger. I cannot agree with Mr. George, but I am amazed to find how popular his theory is. It is entirely the outcome of economical fallacies, hitherto treated as indisputable truths. The unearned and, according to Mr. George, the entirely undeserved increment is the key to the passionate and

seductive proposals of "Progress and Poverty." Now the impulses bred by this remarkable book are not met by definitions and logomachies. They may be explained away in great part by historical facts, and by the accurate analysis of present conditions. But they never will be as long as people cling to Ricardo, and to obsolete theories of an analogous kind. The instincts of men revolt against a doctrine which teaches that a limited class of property holders is to take an increased toll on the earnings of capital and labour; that there is no escape from this bondage; and that the more intelligent and acute labour becomes, the more heavy will be the tribute which the idle and worthless can exact from society. There is no more mischievous person living than a rapacious landlord, who uses to the full all the powers which existing law gives him. But, on the other hand, there is no more useful and deserving person than a wise and just landlord, who respects his neighbour's true rights, while he preserves his own. Unluckily the former are common, the latter are rare. The contrast may be extended into other forms of property and other callings; and the result is, that the doctrine of *laissez faire* is on its trial. In some quarters, the verdict has been already given.

These lectures were compiled in 1887, though some were delivered in the early part of 1888. I mention this in order to designate the date to which some allusions in the text refer.

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THE ECONOMIC INTERPRETATION OF HISTORY.



I.

THE ECONOMICAL SIDE OF HISTORY.

Narrow views on history and political economy—The abundance of materials — The philosophy of history — Speculative political economy—The political influence of English wool—1272–1603, and the conquest of Egypt by the Turks, illustrations of the aid given to history by economical facts—Early English institutions in parishes and towns—Self-government in the villages—Famines—Labour and capital: their several functions—Incidents of labour and capital—The wages of labour and the profits of capital identical in principle—The Great Plague of 1349, and the insurrection of 1381.

IN nearly all histories, and in nearly all political economy, the collection and interpretation of economical facts, by which I mean such records as illustrate social life and the distribution of wealth at different epochs of the history of mankind, have been habitually neglected. But the neglect renders history inaccurate or at least imperfect, political economy a mere mental effort, perhaps a mischievous illusion. Every historian will tell you that no history is

worth preserving which does not at once illustrate the progress of a race, or a permanent influence. So a political economist who does not, in his estimate of present industrial forces or agents, take into account the circumstances which have created or modified these forces would, except by a miracle, assuredly blunder in his inferences. History, which does not attempt to distinguish the relative importance of facts, and does not inquire how any contemporaneous set of facts can be pressed into the interpretation, is a mere disordered and imperfect dictionary. Political economy, when it disdains the correction of evidence, is a crude metaphysic, which gives a very artificial and erroneous account of actual life. I hope to be able to illustrate these positions by numerous instances.

I have said that nearly all history, and nearly all political economy, is in this condition. But the barest annals recognize some of these facts, even when they fail to interpret them. Every historian, for instance, notices the great plague of the fourteenth century. He observes that the English kings, in their attempts on France, invariably strove to get the Netherlands on their side. He records the fact that there was a formidable insurrection in England in the last quarter of the fourteenth century, an embittered civil war in the fifteenth, a serious weakening of English reputation in the sixteenth. But these historians have never attempted to discover whether any economical facts contributed powerfully to these events. So entirely was the seventeenth century absorbed in the great struggle of that time, that it has simply left unrecorded all facts of an economical character, which in any other country, even the rudest, would have arrested attention. The political history of this century has been written over and over again. Its social or economical history has been entirely neglected. To the study of this aspect of history I have given the best years of my life. I hope in these lectures to introduce you to some of the facts and some of the inferences which I have collected, and I think I shall be able to show that very often the cause of great political events and great social movements is economical, and has hitherto been undetected.

By far the largest amount of the materials which I have collected for my purpose are from documents which have probably never been read after the immediate object for which they were compiled was

satisfied. Farming accounts, elaborate accounts of buildings and the materials purchased for their erection, with the labour paid for, have been examined, audited, and laid aside. It may be asked, Why were such documents preserved at all after their use was over? The answer is that, up to recent times, the facts which they recite might be useful as evidence of property. Two generations ago a title to land might be impugned or defended by evidence adduced on either side for six centuries and a half, and, therefore, all proof of title might be valuable. We owe the vast mass of records preserved in public and private collections to a barbarous rule of law. It is likely that what prudence first dictated became a habit, and all papers and documents were preserved because it was necessary to treasure some.

I do not make my charges against the historian and economist without reason. At the latter end of the eleventh century a most remarkable document was compiled, a survey of nearly all England. It is rightly deemed to be one of the choicest antiquarian and historical treasures which the nation possesses. It has long since been printed. It has frequently been examined for antiquarian purposes. But it has never been analysed. My friend, Professor Freeman, has published a very copious history of the Norman Conquest. He has, I do not doubt, collected every scrap of history, in the common meaning of the word, which could be procured from every source, domestic and foreign, and commented on them with a fulness which is almost overwhelming. But he has made little use of Domesday Book, which, after the skeleton of facts is arranged, contains far more genuine living material than all his other authorities.

Due weight has been given by some writers to the habits and life of primitive communities. But it is to be regretted that more attention has not been bestowed on their later development. The evidence on this, in the court rolls of manors, is exceedingly abundant in England. These documents are remarkably illustrative of village life and of the surviving relics of the communal system, and especially of that local self-government which has, perhaps, been disadvantageously superseded by the later expedients of justices and quarter sessions. But I should have learnt little of the life which our ancestors lived centuries ago, of the mutual liabilities of the villagers,

of their local courts, and their very effectual administration of justice, civil and criminal, if I had not read these manor rolls by hundreds. Mr. Hallam once regretted that we could not recall the life of a single medieval village. But the means for doing so exists in abundance, and the student of these documents must have a dull imagination indeed if he cannot picture to himself the life of an Englishman in the days of the Plantagenets from his cradle to his grave, realize all the persons with whom he was necessarily brought in contact, and give their weight to all the elements of the little society in which he lived.

Again, the materials for the history of administration of government and of finance are exceedingly abundant, but have been very inadequately pressed into the service of the historian. England has an enormous wealth of diplomatic instruments; not perhaps so copious as the great collection of Muratori, or the monumental work of Dumont, but still of remarkable fulness. The mass of financial records is absolutely prodigious, for the pipe rolls exist in an unbroken series from the days of the first Plantagenet king down to the fifth of the Hanoverian house. But they are hardly explored. Their volume would, I admit, daunt the boldest student. But there should be nothing to prevent the historian from examining the rolls of Parliament. I venture on asserting that if he did so, he could sweep away many ancient delusions as to persons and events, delusions which seem to be permanently imbedded in the popular histories.

I do not deny, I gladly acknowledge, that the solid study of history has made considerable progress. The narrative is no longer merely one of war and peace, of royal genealogies, of unrelated dates, of those annals about which the adage was uttered that happy is the nation which has no history. History has begun to include the study of constitutional antiquities, though even here there is too strong a tendency to anticipate a late development in early beginnings, and to lay too much stress on doubtful meanings. History, again, has begun to recognize the progress of jurisprudence, though it has rarely recognized the economical conditions to which the development of jurisprudence was due. It has touched lightly, very lightly, on social history, on the condition of the people, on the varying fortunes of land and labour, and on the circumstances under

which industries have been naturalized and developed amongst us. The seventeenth century is an age of intellectual and political giants, who carried on a long and unbroken warfare. It will always be studied. It is the favourite topic or theme of writers. But as it has been hitherto written, it is nothing but the record of their drama, the estimate of their characters, who were the agents of this colossal strife. To me the century has another and a very different aspect—the history of the people, whose fortunes have hitherto been passed over in silence.

In one direction, indeed, history has made great strides. I refer to that philosophy which seeks to interpret the characters and motives of statesmen and of princes, when princes were statesmen. It is almost needless to say that such writers, according to the vigour of their powers, are constantly open to the charge of partisanship or paradox. The historian may be honestly convinced that he is drawing a faithful picture of the men and their times, and he may be as faithful as he believes he is. But the more vigorous his imagination is, the better stored and more orderly it is, the more liable he is to the charge of overcolouring his picture, perhaps to the risk of its life. Latterly I have been engaged in an inquiry into the early years of the Bank of England, as I discovered some unknown and unexpected information as to the fluctuations in the price of its stock. I had to go for a few years, with the limited purpose of illustrating the fortunes of the Bank, over the same ground which Macaulay had traversed, and to use some of the same authorities which he used. My inquiry was simply into a new and great commercial adventure, not into the complicated problem of Revolution politics. As in duty bound, I bore testimony, for I had proof before me, to the cautious fairness of the historian. But a friend of mine, a very eminent statesman, demurred to my eulogy. "The vast colouring power of his fancy," he said, "was against his accuracy."

In the philosophy of history it is difficult to avoid partisanship; impossible, I believe, to escape the imputation of it. The volcano may be extinct, the crust of the lava may be crossed by the wayfarer, but deep in the crevices of the cooling mass there may remain a dull red glow. The criticism of great men in past times is sure to be interpreted as implying analogies in the present. The dispute

about the virtues and vices of Mary Stuart is not yet hushed. The reputation of Penn is still angrily defended. There are honest apologists for Wentworth, for Laud, for Shaftesbury. Some of you know that Mr. Gardiner has latterly shown not a little skill in exhibiting the first two of these historical personages in a new light, and even of suggesting a fresh aspect to the great Parliamentary struggle. I cannot, indeed, quite accept the ingenious inferences of this able writer. I do not want indeed to be told that Wentworth was not a mere adventurer. I do not take my estimate of him from Baillie or Clarendon. I do not want to be told that Laud was not a mere driveller. I do not get my opinion of him from the coarse invectives of Prynne or the coarse eulogies of Heylin. Nor has Mr. Christie removed my suspicions, well-founded suspicions I believe, as to the motives and character of Shaftesbury. Still, it is something that in the days of the second Charles a man could have held office under the Crown without becoming portentously and indisputably wicked. I could multiply these illustrations. I will only add that, as great historians of the philosophic school can hardly escape the imputation of partisanship, so the meaner masters of the craft almost invariably fall into transparent paradox and grotesque exaggeration. There is a further stage, in which an attempt is made to draw a likeness, and the failure is complete. I cannot accept Lord Stanhope's portrait of anybody.

The student of history who attempts the less ambitious but more laborious task of economical interpretation occupies a safer, a more unchallengeable position. If I can point out to you that the price of wheat rose frequently, in the first half of the seventeenth century, to 55s. and more a quarter, and that the peasant's wages were forcibly kept down, by the best expedient that the administration could devise, to less than sixpence a day, I am not concerned at the criticism of those who would deny that this was oppression. If I can show you that agricultural land let a generation ago at ten times the amount which it let at in the same first half of the seventeenth century, I shall not be deterred by a legion of Ricardos, into expressing the gravest doubts as to whether that eminent person gave an exhaustive account of the rent of land. Such corrections of popular political economy have constantly come before me.

The political economist of the later school has thoroughly carried

out in his own person the economical law which he sees to be at the bottom of all industrial progress ; that of obtaining the largest possible result at the least possible cost of labour. He has, therefore, rarely been at the pains of verifying his conclusions by the evidence of facts. He has, therefore, constantly exalted into the domain of natural law, what is after all, and at the best, a very dubious tendency, and may be a perfectly baseless hypothesis. His conclusions have been rejected by workmen, and flouted by statesmen. The former have accused him of partisanship, the latter of unreality. He is not infrequently inconsistent with himself and his own theory. In one page he insists on the intrinsic wisdom of free competition, in another he accords the privilege of protection to young and rising communities. One of the less judicious of these writers may advocate, nay, has advocated, a regulated issue of notes under one set of circumstances, and counselled the discretionary issue of paper money at another, when the latter situation was wholly indefensible. Men have written about the "law of diminishing returns," without having given a moment's attention to the practice of agriculture, and getting a fraction of the experience which may be derived from witnessing that practice, and have rated the British workman for improvidence and recklessness, without having troubled themselves to discover the very traceable historical causes which have induced that character on him. Perhaps the most remarkable Nemesis which has come on the speculative economist is that the definition of Population by Malthus, and the definition of Rent by Ricardo, have been made the keystone to Mr. Henry George's theory, under which he demands the confiscation of Rent in the interests of Population.

The truth, when the economist has tested, and as far as possible verified his inferences or hypothesis by the evidence of facts, he may be able to predict. His predictions may be exceedingly accurate, and may be exceedingly alarming. He may show, for example, by a study of the conditions under which agricultural rent has been developed and increased in this country, that a revival of agricultural rent, unless the conditions of occupancy are wholly altered, either by the spontaneous and reawakened intelligence of the landowners, or by the operation of law, in the probable absence of such intelligence, is not only unlikely, but that matters will go

on from bad to worse, without any visible hope of recovery. The economist has satisfied his function when he has justified his prediction. Then begins the position of the statesman, whose duty it is to say, and that speedily and peremptorily, "What you say and prove will happen, must not happen, but law must be invoked, if obstinacy and stupidity requires its intervention." The student of the conditions of health alleges, and with perfect truth, that given such and such circumstance, disease and loss of life are inevitable. The statesman gives effect to his demonstration by passing sanitary laws, and enforcing their satisfaction.

The wise habit of developing inferences from evidence has been cultivated by at least one modern writer. The range of Mr. Giffen's speculations is not wide, and in some investigations which he has made, he has not, I am confident, gone far enough back in his researches. But in those which bear on monetary science and trade, his method leaves nothing to be desired, and the student, who is anxious to go beyond the common chatter of text-books and manuals, will learn more and better political economy from Mr. Giffen's essays than he would if he browsed for ever on the thorns and thistles of abstract political economy. I commend, in particular, to your notice, the essays contained in the second series.

I will now proceed to show by way of illustration how economical facts lend themselves to the interpretation of history. I stated just now that the Plantagenet kings always used Flanders as the fulcrum from which to make their attacks on France, and that our Edward III. and Henry V. sedulously cultivated the friendship of the Flemings and their rulers. The means which they employed to further these diplomatic ends, was the free or restrained exportation of English wool. From the thirteenth to the sixteenth century, "wool was king." A quarter of a century ago, the seceding states of the American Union avowed that "cotton was king," and that a stint of this necessary material of British industry would assuredly effect a diplomatic revolution in England, enforce the acknowledgment of Southern independence, and constrain the inhabitants of the United Kingdom to reconsider their hatred of slavery. The cessation of a cotton supply induced great misery, but, for reasons which will appear further on, the partisans of the South erred in their reckoning.

England was the only wool-producing country in Europe. To some extent, this remarkable industrial phenomenon is due to its climate and soil, though some parts of England are, and have been for centuries, more fitted for this product than others. In a petition to parliament presented in 1454, it is suggested that certain kinds of wool, forty-four in number, should not be exported, except at the prices named in the schedule. These prices range from 260s. the sack, the value assigned to a certain kind of Hereford wool, to 52s., that assigned to Suffolk produce. These are, beyond doubt, to use a modern phrase, brands well known in the wool trade of the time. More than a century before this time, permission was given to export wool in certain quantities at certain prices, the prices not being quite so high as those in the schedule of 1454. It is possible that the object of the petition was to encourage the English cloth trade, it is equally probable that it was intended, had the prayer been granted, to force the Flemings into active co-operation with those designs on France which had been so disastrously disappointed the year before, when Shrewsbury had been defeated and slain at Chatillon.

The practical monopoly which the English possessed of the wool supply was less due to the climate and soil of England, than it was to the maintenance of order in the kingdom. For a long time, every one in England, from the king to the serf, was an agriculturist. After the landowners had been constrained to give up arable farming, they still remained sheep masters, produced wool and sold it. Now when, owing to the diffusion or distribution of property, every one is interested in maintaining the rights of property, there is very little temptation given to theft or violence, and every inclination to detect and punish it. Hence Englishmen could keep sheep, the most defenceless of agricultural animals. Every one who knows anything about the state of Western Europe from the thirteenth to the seventeenth century, knows that the husbandman did not keep sheep, for they would have certainly been plundered of them by the nobles and their retainers if they had. The king's peace was the protection of the sheep master.

England then had a monopoly of wool. The monopoly was so complete, and the demand for the produce so urgent, that the English Parliaments were able to grant an export duty on wool

equal to more than the market value of the produce without diminishing its price. In other words, the export duty was paid by the foreign consumer, a financial success which every government has desired, which many governments have tried, and in which all, with this English exception, have failed. The reason is, that in order that an export duty should be paid by the foreign consumer, four conditions, very rarely satisfied, have to be in existence: 1. The article must be a necessary of life. 2. There must be absolutely no other source of supply, except the country from which it is derived. 3. There must be no substitute for the article in question. 4. There must be no appreciable economy possible in the use of it. These conditions were satisfied in the case of English wool during the period that it was so powerful a diplomatic force. During the course of my economic studies, I have not seen them satisfied in any other commodity whatever, and I submit that this aspect of the relation of England to Flanders and its rulers, is incomparably more instructive than the pedigree of the Dukes of Burgundy, or the barren account of military operations on the French frontier of the Low Countries. The best wool in England was worth 20s. a tod in the fifteenth century, *i.e.*, about four quarters of wheat. Three centuries later, when other prices had risen from nine to twelve times, English wool of excellent quality was sold at less than half the sum which it had been appraised at in the period which I have taken for illustration.

I will take another example by way of proving to you how much the interpretation of history gains by the study of economic facts. In the twelfth and thirteenth centuries there were numerous and well-frequented routes from the markets of Hindostan to the Western world, and for the conveyance of that Eastern produce which was so greatly desired as a seasoning to the coarse and often unwholesome diet of our forefathers. The principal ports to which this produce was conveyed were Seleucia (latterly called Licia) in the Levant, to Trebizond on the Black Sea, and to Alexandria. From these ports this Eastern produce was collected mainly by the Venetian and Genoese traders, and conveyed over the passes of the Alps to the Upper Danube and the Rhine. Here it was a source of great wealth to the cities which were planted on these waterways, from Ratisbon and Nurenberg, to Burges and Antwerp. The stream

of commerce was not deep or broad, but it was singularly fertilizing, and every one who has any knowledge of the only history worth knowing, knows how important these cities were in the later Middle Ages.

In course of time, all but one of these routes had been blocked by the savages who desolated Central Asia, and still desolate it; the most hateful and mischievous of these races being still encamped in what was once the most prosperous part of the world, Greece and Asia Minor, and keeping it in hopeless savagery. It was, therefore, the object of the most enterprising of the Western nations to get, if possible, in the rear of these destructive brigands, by discovering a long sea passage to Hindostan. All Eastern trade depended on the Egyptian road being kept open, and this remaining road was early threatened. The beginning of this discovery was the work of a Portuguese prince. The expedition of Columbus was an attempt to discover a passage to India over the Western sea. By a curious coincidence, the Cape Passage was doubled, and the New World was discovered, almost simultaneously.

These discoveries were made none too soon. Selim I. (1512-20), the Sultan of Turkey, conquered Mesopotamia and the holy towns of Arabia and annexed Egypt during his brief reign. This conquest blocked the only remaining road which the Old World knew. The thriving manufactures of Alexandria were at once destroyed. Egypt ceased to be the highway from Hindostan. Selim had all the energy of the race to which he belonged, and more than all of its vices. I discovered that some cause must be at work which had been hitherto unsuspected, in the sudden and enormous rise of price in all Eastern products, at the close of the first quarter of the sixteenth century, and found that it must have come from the conquest of Egypt.

The river of commerce was speedily dried up. The cities which had thriven on it were gradually ruined, at least in so far as this source of their wealth was concerned. The Nile became *flumen epotum Medo* in a commercial sense, and the trade of the Danube and the Rhine ceased. The Italian cities fell into rapid decay. The German nobles, who had got themselves incorporated among the burghers of the free cities, were impoverished, and betook themselves to the obvious expedient of reimbursing their losses by the pillage

of their tenants. Then came the Peasants' War, its ferocious incidents, its cruel suppression, and the development of those wild sects which disfigured and arrested the German Reformation. The battle of the Pyramids, in which Selim gained the Sultanate of Egypt for the Osmanli Turks, brought loss and misery into thousands of homes where the event had never been heard of. It is such facts as these which the economic interpretation of history illustrates and expounds.

I shall have occasion in the course of these lectures, to supply you with a multitude of examples as significant as these two which I have quoted. I am not, I hope, too much absorbed in the study which I have pursued for so many years, as to overvalue the facts which I have discovered and marshalled. But I am convinced that to omit or neglect these economical facts is to make the study of history barren, and its annals unreal. With every effort that can be given to it, the narrative of the historian can never be much more than an imperfect or suggestive sketch. We may get the chronology correct, the sequence of events exact, the details of campaigns precise, the changes of frontier reasonably accurate, but may still be far off from the controlling motives of public action, may be entirely in the dark as to the real causes of events. Nor shall we be greatly helped by the more or less successful criticism of the career and purposes of public men. During the great drama of the wars of religion, we may make a more or less intelligent estimate of Philip II. and William of Orange, of Henry of Navarre and Elizabeth of England, of Maurice, Barneveldt, Richelieu, Buckingham, of the English Puritans, of Laud and Strafford, of Eliot, Pym, Hampden, Falkland, Cromwell, of Ferdinand of Styria, Maximilian of Bavaria, Gustavus Adolphus, and Wallenstein; but we shall never, with all our pains, obviate the revision of our judgments. But when we have economical facts of great and far-reaching import to guide us, we can arrive at conclusions which cannot be modified, because they cannot be disputed. I shall not pretend to say that I have discovered the meaning of many among the facts which I have collected. It has been always my opinion, an opinion which I have constantly avowed, that my researches will very possibly yield in other hands more than I have been able to infer, and will serve to illustrate and interpret the past and present to a greater extent than I have been or shall be able to effect.

I mentioned in an early part of this lecture, that Hallam had lamented the disappearance of the annals of the poor, the recovery of which would throw so much light on the past. This excellent, laborious, and conscientious writer, whose works are more profitably studied than others of more antiquarian pretensions, derived all his information from printed books. His powers of inference and historical construction were therefore limited by his materials, and none of the writers which he consulted, with the exception of Madox, had drawn information from original documents. Madox, too, appears to have consulted very little beyond some of the Pipe rolls, and those cursorily. There were printed authorities, such as Fitzherbert's treatises, from which Hallam might have gathered much.

Some English institutions have had a most tenacious existence. It has been observed that the vestry or parish meeting is in direct succession from the assembly of freemen in the Teutonic mark. The system of grand and petty juries had their beginning in the presentments of the minor courts, and the levy of fines, sometimes of the highest penalties, on offenders. The penalties of treason are copied from the punishments inflicted on offenders against the sanctity of the mark and its boundaries. The peculiar position of the steward or seneschal of the manor, when he sat on the judgment seat was similar to, and a precedent for, the circuits and authority of the judges of assize. The perambulation of the boundaries and the attendance of the boys at this ceremony seems to be the survival of the view of frank pledge and registration in the decenna. The taxing rolls of the Plantagenets, in which the owners of all personal property in the several parishes are named, would with a little care serve as a census of the parishes at the time when the assessors visited the inhabitants.

The parish held from thirty to one hundred inhabitants or more. It contained one or two lords of manors, for sometimes the parish was divided among two or more overlords. This lord was frequently non-resident, and only visited his domain and tenants occasionally. The most important functionary was the rector or parson, practically the head man of the village, and when the lord or steward were not holding court, the permanent chairman of the village gatherings. If his tithes had not been appropriated by some monastery, his income derived from these and from offerings and dues, ordinary

and extraordinary, was for the time considerable, and it was common for him to select, educate, train, and send to the university some bright and intelligent village lad, even though he might be of servile birth, in order that he might become a priest. In the same way, without regard to his origin, an ambitious and courageous youth might enter the king's army; and the former might become a learned doctor and bishop, as Grostête became, the latter a captain and knight, as Sale did, both having been of mean birth.

The houses of the villagers, built of wattles, smeared inside and out with mud or clay, were crowded near the church, in the street of the settlement, though there were in large parishes, outlying homesteads. In all cases the church was the common hall of the parish, and a fortress in time of danger, occupying the site of the stockade which had been built when the first settlers occupied the ground. In the body of the church were frequently stored produce, corn and wool. Here too, I believe, the common feasts of the parish were held, till such time as the proceeds from the local guild enabled the people to erect their own guild-house. The only houses of any pretension in the village were the lord's, the parson's, and the miller's, who by prescription took toll of all the inhabitants, who were bound to grind at his mill, who is a busy, and according to current report, not an over-scrupulous personage in his dealings with his fellow villagers.

Most of the villagers held land as freeholders under fixed rents, and copyholders under no less fixed services. The arable land was in open fields, strips of which, divided by balks on which the grass was left growing, were, in greater or less quantity, the property of the lord, the parson, and the tenants. When the scanty harvest was gathered, the arable land became for a time common pasture. Beside these fields were the commons, the lord's waste, and the lord's wood, the latter being generally on the village bounds. Some of the villagers had only cottages with curtilages, and were the hired labourers in husbandry; though the small farmer, when his work on his small holding was done, was ready to better himself by taking work. All, as I have said, paid rent, in money, in kind, or in labour; but in the historical period, the labour rents, and ultimately the rents in kind were always commutable for money, the money equivalent being always less than the ordinary rate of wages.

Beyond their agricultural labours, the villagers met informally in council, under the presidency of the rector, and formally at the times, generally three times a year, when the lord's courts were held. In these courts they were trained in habits of self-government, some presenting offenders, some sitting as a jury of compurgators. For in early times, at least, it seems that no stranger could be harboured in the settlement, a breach of the rule beyond a certain time being punishable with a fine. Most villages of any size had an annual fair. Then there were markets and fairs in other towns. The earliest writer on English husbandry, Walter de Henley, allows several days for periodical visits to these places of business and pleasure. Few parishes were probably without guild lands from which the aged and the poor were nourished, till, on the plea that they were devoted to superstitious uses, they were stolen, under an Act of Parliament, by Protector Somerset.

The surroundings of these villagers' houses were unclean and unwholesome, just as they are near an Irish cottier's house in our own time, and it was the lord's interest to encourage the drain from the cottager's middens over his own meadows, which generally lay near the village stream. Perhaps the life of a mediæval Englishman was less uneventful than that of the modern peasant. He had to get all that he wanted, beyond what he procured by his own labour, for himself and his family, at these periodical fairs, or less advantageously at the shops of the few and small towns which he was able to frequent. Here he sold his surplus produce, in order to pay his dues, and to get what he needed for farm and homestead. Apart from these periodical absences from home, he learnt the news from the numerous itinerant priests who constantly visited the villages. In later times, if he sympathized with Wiclif and his poor priests, he would take counsel with these migratory preachers, confide in them his troubles and discontents, and even concert with them the means of armed resistance, resistance which once nearly shook England to its foundations.

The essence of contracts for the occupation of land, if these ancient tenures could be called contracts, was that the liabilities of the tenant should be fixed and unchangeable. This idea of a fixed rent in an estate of inheritance pervaded all relations of landlord and vassal. It affected the subsidies granted to the Crown, the

county valuations of which appear to have been unchanged from the days of the Plantagenets to the days of the Stuarts. So with the fee farm rents paid by freeholders, the labour, and subsequently the commuted rents paid by the copyholders. The principle that a tax should be unchanged was adopted in William III. land tax, an assessment which has never been revised after the lapse of nearly two centuries. So in arguing in the House of Commons, in 1881, in favour of a produce rent in Ireland, which the expectants of the unearned increment refused to accept, I ventured on predicting that an arbitrated money rent, that which the House of Commons ultimately adopted, would never be raised, but might be diminished. Time has shown that my prediction is verified.

I believe, indeed, that under ordinary circumstances the means of life were more abundant during the Middle Ages than they are under our modern experience. There was, I am convinced, no extreme poverty. His dues paid, the small farmer's property and profits were as secure as the landlord's domain. In this the condition of the English peasant was in marked contrast to the lot of the French roturier and the Teutonic bauer. There was but a small surplus population quartered on the products of the soil. The labour of the husbandman was not constrained, as in later times, to support a mass of idlers and consumers. But in other respects his condition was far less satisfactory. His diet, owing to the lack of winter food and nearly all vegetables, was unwholesome during half the year, when he was constrained to live on salt provisions. Leprosy and scurvy were common diseases in mediæval England. In the fourteenth century it is probable that life was healthier in the towns than it was in the country. In the seventeenth these conditions were reversed. In healthy seasons the death rate in London was $41\frac{1}{2}$ per thousand, in unhealthy times the deaths were double the births. In this same century, the deaths in country places were calculated at 29 in the thousand.

England suffered from occasional famines. Of these by far the most formidable were the harvest failures of 1315, 1316, and 1321, when incessant rain in summer destroyed the crop, as incessant rain always does. It would seem that at this time there must have been a considerable loss of human life. This is told us, indeed, by the chroniclers of the age, but there is a stronger proof than their

narrative supplies, for the rate of wages rose 10 per cent. after the occurrence of the calamity. In this case, and in the far graver events which followed on the pestilence of 1849, the greatest increase was effected in what was previously the worst paid kind of labour, as, for instance, threshing oats and women's labour, for it is a law of prices which I have constantly verified by an examination of facts that, whenever a scarcity occurs in any necessary agent or product, the rise among the severally related forms of the service or product is always greatest in that which had hitherto been the lowest. Thus, in materials, when a scarcity occurred a quarter of a century ago in cotton, Surat produce rose vastly more than Sea Island did. Thus, after the plague to which I have just referred, the rise in the cost of threshing wheat was 83 per cent., of oats 88 per cent., while women's labour was paid double or treble its old prices.

It may assist us in illustrating the facts which will perpetually occur in dealing with economic history, if I state briefly what are the relations of the labourer and the capitalist. Wealth is of two kinds, passive or unproductive, and active or productive, the former being constantly and regularly a reserve on which the latter may draw. This double function of wealth explains the rapidity with which in times of exalted demand wealth is readily turned into the active form, profits increase, workmen are employed, and finally wages rise. Mr. Mill has alleged, and no doubt has puzzled you greatly by the allegation, that demand for commodities is not a demand for labour, a statement which contravenes all experience. Mr. Mill's error, and an error he acknowledged this famous paradox to be in the later years of his life, arose from his believing that wealth destined to active uses was at any given time a fixed quantity, just as at any given time a balance at a banker's is. But, in point of fact, the wealth available at any given time for the purpose of affording continuity to industry is a very indefinite quantity, is capable of great and sudden extension, especially in the form of loanable wealth.

The function of capital is to secure the continuous employment of labour, and as far as possible to equalise prices and profits. The labourer lends his labour for a week or a fortnight, or longer, to the employer, and it is easy to conceive, when a turnover is rapid, that

the employer has secured his profit long before he repays his workmen for the advance which the latter has made to him. In the great majority of cases, however, the profit of the employer is postponed till long after he has repaid his workman. But the principal service which the employer does is to give the labourer the prospect of continuous employment, and as the division of employments is developed, and human labour is aided, or perhaps displaced, by costly machinery, the expediency of finding continuous employment for labour is stimulated by the knowledge that the cessation of employment would be a rapidly growing loss. Again, it is the business of the capitalist employer to maintain as far as possible an equal money value or price. The most violent fluctuations of price occur when the producer is constrained to sell at the discretion or demand of the buyer. But the capitalist dealer withholds his goods from the market until such time as he can command his price, and the shrewdest producer or dealer, the man who in the long run commands the best service, and gains the largest profits, is he who can anticipate with the greatest accuracy the demand of the market.

I refer to these facts, in which what I am stating will not be found to differ materially from the views entertained by most economists, because, at the present time, the crudest ideas are afloat about the relations of labour and capital, in which the functions of the latter are vilified, and a violent competition is proposed between the state on the one hand, that is, all who have no property, and the private capitalist on the other. The experiment of the state, or rather the taxpayer, finding competitive capital has been tried. It was the theory of Elizabeth's last poor law, and it failed disastrously, to the condign misery of the workman, a misery prolonged for centuries, as I hope to show. Nothing is gained by exaggerating the benefits which capital confers. Nothing will be gained by depreciating its real services. It has been shrewdly observed that capital and labour are like the two blades of a pair of scissors, powerless apart, but apt to their function when properly fitted.

Now all economists agree, that profits in the general sense are made up of three elements, interests on advances, whether made from his property by the capitalist agent, or supplemented by loans from

those who, being unable to employ their own wealth, are willing for a consideration to lend it to others. The rate of interest is high when loan capital is scarce, low when loan capital is abundant. But it is always a measurable quantity. A second element is risk, a quantity which cannot be measured, for if it were measureable it would cease to be risk, but must be estimated. It varies exceedingly in different callings. It is probably greatest in the case of the agriculturist, particularly if his principal culture is exposed to numerous unforeseen accidents. I mention this mainly to show how serious an element risk is, in the tender of an agricultural rent. In the course of these lectures I shall be able to give numerous illustrations from economical history of the disturbance which this contingency has caused. The third is the labour of superintendence; the time, toil, anxiety, skill which the capitalist employer must give to the details of his business. To these one may add a fourth, which is, perhaps, only a modification of the second, the inevitable wear of implements, and the rapidity with which machinery becomes obsolete or comparatively inefficient. Now it will be plain that, in the language of logicians, the first two elements of profit are objective, *i.e.*, they are external to the agent, and determined by conditions which the agent cannot control. The third, his own labour, is subjective, and it is plain that on this his real profits depend. Our analysis, therefore, shows that the capitalist employer is a labourer, and that his remuneration depends entirely on the efficiency of his labour. Whether or no he gets too much in the distribution of the gross value is another question, but the more necessary workmen make him, by being as much as possible unlike him, the greater will be his share.

Now let us turn to the recipient of wages, the labourer or workman strictly so called. The Greek philosophers, by a happy generalization, called him *ἐμψυχον ὄργανον*, a living machine, and the phrase is far more significant to us than it was to them, for they degraded labour by permitting slavery. The labourer in our days is a machine which has been constructed at no little cost; but far more important than the cost is the aptitude, whether it be hereditary or imitative, with which the civilized man grapples with industrial avocations. You have all of you seen many of those wonders of mediæval art, the great cathedrals and churches of this

country, indeed of Western Europe. In most cases, the architects of these marvellous works are unknown, for the very sufficient reason that they were designed by workmen. The mason or carpenter who can draw out his plot, *i.e.*, furnish the design of the structure which his hands set up, is mentioned over and over again in our early Statute Book. Familiar as I am with agriculture, I am constantly amazed at the numerous accomplishments of a first-class farm-hand, who is most fit by the multiplication of his employments, as the artizan or factory hand is by their division. He will draw a furrow across a hundred-acre field with a precision of an artist, and prove the correctness of his eye, by the completeness with which he finishes the field. To make a serviceable ditch with its proper inclination is no slight feat. To build and thatch a rick squarely, to trim a hedge neatly, to reap and mow evenly require much practice and skill. The shears which the shepherd plies are rude instruments, but in practised hands they do their work deftly. A good farm-hand generally knows as much practical husbandry as his employer, and is as skilful in the treatment of cattle as a farrier. On such training as this interest has to be paid, as surely as on the property or loans of the employer. The form it takes is in sufficient income for the industrial education of his successors, and the fortunes of a country will decline if the successor is not forthcoming, or if folly drives him away from his native soil.

The element of risk, the inevitable wear, and the ultimate extinction, of this living instrument are manifest enough. His remuneration must cover this contingent charge, or it must be covered at the expense of others. The machinery of the English poor law enables the employer, who reaps the profit of the workman's labour, to transfer to the shoulders of all occupiers the insurance of the labourers' risk. To be sure, with commendable forethought, the best workmen, either through benefit societies or labour partnerships, seek to effect their own insurance. In the Middle Ages they did it through their guilds, purchasing lands and houses all over England for charitable service to their own order. Unluckily for them, as the piety of the age considered prayers for the dead to be a charity, these guild lands were confiscated on the plea that the use was superstitious, and people wonder that workmen became improvident. The London guilds made ransom, with the result that the charitable

and social funds which were given by traders and artisans have been appropriated by those who are in no other sense their successors.

The costs of training and the risks of the calling are, as in the case of the employer, objective charges ; the remuneration for work actually done is subjective. So that we come to the conclusion, that the wages of the employer and of the workmen are generically identical and only specifically different. The question between the two parties engaged in the joint product is, what is the share which each party shall receive, the cost of materials being deducted in the residual distribution. Here, of course, the problem is insoluble as long as each is the interpreter of his own value. In old days the distribution was determined by an oppressive authority, the resistance to which was naturally unreasoning violence. Gradually both parties began to see that the question was arguable, and they frequently had recourse to arbitration. We are beginning to hope that masters' unions and labour partnerships will ere long settle their differences by some self-acting machinery.

Now I have referred to these elementary economical principles, not only because a right conception of them is essential towards the interpretation of all economical problems, but because, in these lectures on the economical interpretation of English history, I shall have frequent occasion to show how the industrial partnership and the subsequent distribution of the product have been warped from their natural bias by legislative violence.

Five or six centuries ago, the industry of English life was very simple. Three-fourths of the people were husbandmen, cultivating their small farms. There was always, it seems, a certain number of agricultural labourers, who sought work in the villages. It is clear that during the harvest all but the very few men of leisure were engaged in field labour, for the rule against strangers was relaxed in the case of the harvest man. Employers purchased materials, iron, steel, lead, lime, stone, timber, which the craftsmen worked up, as they do in Hindostan now. When it was possible, piece-work was the rule. It is highly probable, nay, almost certain, that even the artisans were during parts of the year husbandmen. I have seen frequent evidence of the fact.

Suddenly a great plague, the like of which was not recorded, attacked Europe almost simultaneously. Like most plagues, it was

much more deadly at first than it was subsequently, though it held its own in England for more than three centuries. It probably killed a third of the population. The wages of labour were instantly doubled, and the ruin of the great proprietors seemed imminent. The profits of capitalist agriculture sank from 20 per cent. to near zero. Now, the great proprietor saw no harm in a high price for what he had to sell, but deemed that a high price in what he had to buy was a grievous wrong. So he made use of the constitution—that is, of the Administration and Parliament—in order to secure or recover his fortunes. It is true that the means by which unfair or impossible contracts were enforced was not brought to the perfection which we witness in modern times, and for a long time the employers of labour were baffled.

The fact is, a new criticism of existing institutions had been encouraged. The riches and the immunities of the monastic orders caused much dissatisfaction. Why should not the opulent monks be made to pay a large share of taxation? Why should the Pope be allowed to levy toll and tribute in England? These discontents found frequent expression, and the radical reformer and his emissaries were welcomed and caressed in high places. But in course of time, the same bold theorists began to examine into the moral title of all property, to declare that lordship was founded in grace, that is, on deserts, and to dispute all other claims to ownership. They even declared that useful labour was more valuable than birth, and rhymed on the relative antiquity of honest work and gentle blood. They became the mouthpiece, the agents, the organizers of the peasantry, and they managed their function with secrecy and efficiency. At last, out of a clear sky, in June, 1381, the storm burst, and England was in insurrection simultaneously from Southampton to Scarborough. The insurrection was quelled, the leaders were executed, the teaching which was once so popular was branded as heresy, and the secular arm was constrained to support the clergy, but lately so unpopular, with fire and faggot. But the solid victory remained for nearly three centuries with the peasants, till at last a combination of circumstances reversed the situation, and the employers became the masters of the field. It is to the history of this long battle that I intend on the next occasion to invite your attention.

II.

LEGISLATION ON LABOUR AND ITS EFFECTS.

The effects of the Great Plague—Regulation of prices by authority customary when there were labour prices—The first Statute of Labourers—Successive Statutes of Labourers—The appeal of the workmen to Domesday—The events of 1381—Legislation of Henry IV., V., VI.—Guilds of artificers—Henry VII. and Henry VIII.—Habits of the latter—His issue of base money—The position of Elizabeth—The Elizabethan Statute of Labourers—The objects of the statute—Indirect resources of labourers—Wages actually paid—Assessments more generous under the Commonwealth.

It is inevitable, in a series of lectures like the present, where far-reaching and present effects are traced to distant causes, that one should seem discursive when one strives to be connected. The warfare of capital and labour in England has been more prolonged than any other historical struggle. Dynastic wars, wars of religion, wars on behalf of the balance of power, wars for supremacy in commerce have been, as you well know, waged in Europe for lengthened periods. But none has been so lasting as that between employer and labourer. None has hitherto been so obscure. The history of the contest is to be extracted from the Statute Book, in laws long since repealed or modified, or become obsolete, in laws which no modern edition of the statutes at large reprints. I doubt whether they exist in any other printed form than in the numerous folio volumes in which all, or nearly all, the English laws ever enacted were published, by authority of Parliament, *in extenso*, but are found, I believe, only in the greatest of our public libraries.

These laws, however, would be only indefinite, incoherent, and more or less effectual explosions of wrath and discontent, were it not for the contemporaneous evidence of wages actually paid, evidence which I have been able to supply, having long been an assiduous and solitary worker in this field of research. The law and the facts illustrate each other. But I must say, with some regret, that the inferences which I am constrained to draw, inferences which are genuine and irrefutable history, have not increased my reverence for the machinery by which the social state of England has been developed. There is, I must confess, a sordid side to the most energetic efforts of collective, I do not say individual, patriotism, and the student of the economical history of England has to prepare himself for painful experiences, even during the most heroic ages of our political history. At the same time, men are not to be blamed for taking advantage of what law accords them. It is to their credit that, in course of time, they became more merciful than the law, as I have found that they constantly were. They never, to be sure, when they made the machinery of their discipline, and what they called law and order, more searching and more severe, declared that they had created no new crime, when their principal and successful effort was to render it impossible, by studiously demoralizing the agents of law, to distinguish between innocence and guilt.

I have referred, in the last lecture, to the magnitude of the calamity known as the Plague, and more recently, it seems, as the Black Death. Before this event, and the consequences which ensued from it, these consequences having been almost immediate, every one, from the king to the serf, cultivated land for his own profit. It is impossible to conceive any social condition which would be so certain to breed a reverence for law and property as one in which every person was possessed of property, which, unless property were respected, was so open to marauders as agricultural produce was. I have no doubt that the singular respect for property in agricultural produce which so distinguished Englishmen in the fourteenth century, and, for the matter of that, onwards, and the honour in which husbandry was held, had a good deal to do with the formation of the early English character among all classes. Even in the severest time—I can give the negative testimony of my

own inquiries—it was rare indeed that farm produce was stolen. I do not mean to say that, outside the jurisdiction of the local courts, the foreign trader, the Lombard exchanger, or even the Pope's emissary, could traverse the king's highway in complete safety. I will not even assert that abbots and priors were always able to convey their cash and valuables without risk of Robin Hoods. But the insurance on the conveyance of money is very low when it is put into the hands, as it often is, of the common carrier, and I have never found the record of a loss from robbers in the many thousand collegiate and monastic accounts which I have read. Englishmen were very prone to defend their rights, real or supposed, by insurrection, and even to depose bad or weak kings, and change the succession, but they rarely broke the king's peace. Even during the civil wars of the fifteenth and seventeenth centuries there was little marauding. In 1461, the Northern army of Margaret took to pillaging, and Edward was instantly called to the throne. In the Parliamentary war, 1642–5, the Royalists of the west showed an imperfect appreciation of the rights of property, and they had to meet the resistance of the clubmen.

On the other hand, it was the custom of the age to regulate prices by authority. The assize of bread and beer is so old that it is undated. For centuries afterwards local authorities were empowered to fix prices. The Vice-Chancellor of Oxford, in the seventeenth century, put out his list of maximum prices for meat, poultry, and wine, and even of the fares on the new stage coaches. The law did not affect to regulate the prices of wheat and malt. Such a function was beyond the power of the legislator, and, it must be added, against his interests. But the law regulated the price at which wheat could be turned into bread and malt into beer. The Statute Book is full of regulations as to the price of meat and clothing. Nor does it seem that these regulations caused discontent. It was probably considered an advantage that certain services regularly needed should be put under a local police, which should see that statutable prices were not exceeded. Not a little of the criminal business transacted at the manor court is that of presentments and fines in the case of the baker and brewer and the fraudulent miller, who have broken the assize or cheated the tenants. The landowners, then, were not attempting to enforce

an absolute novelty when they demanded and obtained the Statute of Labourers.

In the first instance the king addressed a proclamation to William the Primate, as the urgency was great, ordering that workmen should labour at the old wages. This act of the king's is a curious illustration of the situation. Death, the new death, or as the Scotch called it, though only for a time, the foul death of the English, had been busy with the Church, and Edward had offered the see of Canterbury to William Edyndon, the predecessor of William of Wykeham in the see of Winchester, and Edyndon had declined it. The ultimate occupant was Simon Islip. Parliament was at once summoned, and the first Statute of Labourers, 23 Ed. III., was enacted.

The preamble of the Act recites the fact and the effects of the Pestilence, the straits to which masters were put by the consequent scarcity of servants, who will not work except at excessive wages. It then provides that every person under sixty years of age who does not live by merchandise, exercises no craft, who has no means of his own, or proper land for his occupation in tillage, and who is not serving any particular master, shall be bound to serve in husbandry, whoever may require him, at the wages customary in the twentieth year of the king's reign. Lords who have bond-men and bond-tenants have a prior claim to their services—a proof that when the dues were paid which were annexed to such persons' holding, they were free to work for whom they pleased. Any two men could denounce the person who refused to work to the sheriff, who could imprison him. To use a modern phrase, "if a servant in husbandry struck work," he should be imprisoned, and the employment of such a person after his liberation should involve the same penalty on the employer. If higher than customary wages were taken, a penalty of double the amount given and received should be inflicted, the process being taken in the Lord's court. But if the lord himself gives more than the law allows, he is to be prosecuted in the county wapentake, tithing, or other court, and treble penalties are to be inflicted on him. Artificers, many kinds being named, and a general clause including all others being added, are also to expect the wages of 1346. Then comes a clause declaring that provisions shall be sold at reasonable rates, under penalties, the administration

of this part of the law being put into the hands of mayors and bailiffs in the several cities and towns, and no gift is to be made to beggars who can work, under pain of imprisonment. The Act is to be published by archbishops and bishops in all churches of their several dioceses, and the parochial clergy are bidden to see that the law is enforced.

The legislation of 1349 was a total failure. It is probably the case that the reference to the Lord's court, in which a formal presentment of offenders had to be made first, and the cases to be tried by a jury next, was the cause of the ill-success of the legislation. There arose a custom of entering the amount of the labourer's demand in the account, then running it through with a pen and substituting the statutory amount. The bailiffs kept the letter of the statute, but paid the higher wages.

In 1350-1, 25 Ed. III., Parliament, with the assent of prelates, earls, barons, and other great men, descants on the malice of servants, asserts that they pay no respect to the older statute, and refuse to work except at double or treble wages. New provisions are therefore enacted. The money wages of all kinds of workmen, servants in husbandry, and artisans, are fixed at certain rates, as long as wheat is under 6s. 8d. a quarter. The jurisdiction of offences is transferred from the Lord's court to the justices, who are to meet for the purpose of hearing and adjudicating on offences at least four times a year, and are empowered to inflict forty days' imprisonment for the first offence, three months for the second, six for the third, as well as levying the fines of the first statute, the penalties to go to the exchequer. Servants flying from county to county were to be arrested. Contemporary writers assure us that this became a common practice, workmen no doubt seeking those localities in which labour was most required, and developing an organization for information and action. In fact, we are told that associations exactly like those of modern trade unions were entered into, the members subscribing for purposes of defence and for paying such fines as might be imposed. In a subsequent statute, 25 Ed. III. cap. 7, provision was made for paying the fines and estreats into the exchequer.

The Act was again a failure. If we can infer from the next legislation, the ill-success of the measure was due to the fines being

payable to the Crown. There was and there remained a scarcity of workmen. The void was not satisfactorily filled by imprisoning the obstinate, and the aggrieved person, the employer, was not particularly active in levying fines which should go to the king. Besides, the landowners soon despaired of carrying on the old system of cultivation with their own stock, under bailiffs, and rapidly devised a new relation between themselves and their lords, the stock and land lease, under which the landowner let his stock with the land for a time to a tenant farmer. Under 31 Ed. III. statute 1, caps. 2 and 7, the fines enacted for breaches of the statute were to go to the lords, and London, the Cinque Ports, and all other franchises were brought under the general law.

The office of justice of the peace was remodelled by an Act of 34 Ed. III. The fine on the recalcitrant labourer was abolished, for the action of the lord was now superseded. But imprisonment was to remain, and the offence was to be no longer bailable. Artisans are to be included in the new legislation. Wages are to be by the day, not the week, but persons may contract in gross for work to be done. Then the statute throws a curious light on the organizations which artisans had entered into, when it declares that the "alliances, covines, congregations, chapters, ordinances, and oaths made or to be made by masons and carpenters shall be void and annulled." The freemason of our day may detect in these associations the germ of his lodge, the economist may allow this view, but sees in them the trades union of the fourteenth century. The policy of the labourers is further illustrated by a clause in the Act, under which fugitive labourers, by whom must be meant other than serfs, since these could always be reclaimed, were to be outlawed, and branded with the letter F. Furthermore, mayors and bailiffs are constrained to deliver up all fugitive labourers, under a penalty of £10 to the king and a hundred shillings to the aggrieved party. By the 36 Ed. III. cap. 8, domestic chaplains are brought under the Statute of Labourers, and their wages are fixed. Five marks, £3 6s. 8d., were declared to be a sufficient stipend for such persons. By 42 Ed. III. it is ordered that the Statute of Labourers should be enforced by the justices.

The reign of Richard II. gives us fresh information as to the course of the struggle. "Villains," the preamble says, "withdraw

their services and customs from their lords, by the comfort and procurement of others, their counsellors, maintainers, and abettors, which have taken hire and profit of the said villains and land-tenants, by colour of certain exemplifications made out of Domesday, and affirm that they are discharged, and will suffer no distress. Hereupon they gather themselves in great routs, and argue by such a confederacy that every one shall resist their lords by force." The justices are to take cognizance of such practices, imprison the offenders, and inflict fines to king and lord on the counsellors of such persons. This is an Act of the 1 Ric.; in the next year the Statute of Labourers is confirmed.

This remarkable preamble refers no doubt to the company of poor priests, whom Wiclif had appointed, and who were the channel by which communications were kept up among the disaffected serfs. It is clear, too, that they had taken and paid for legal advice, and that the purport of this advice was, that according to the most ancient and venerable authority, Domesday, the satisfaction of the legal obligations of the tenant in villenage was a bar to the claim of any further service on the part of the lord, and especially to that part of the Statute of Labourers which gave a prior claim, at the old rates, of the serf's extra services, to the lord on whom he depended.

It is not a little singular that the administration and Parliament were entirely in the dark about the danger which was menacing them. The preamble of this statute supplied me, more than twenty years ago, with the key to Tyler's and Littlestreet's insurrection in 1381. The lords had attempted to make claims on the serfs, and were indeed backed by Parliament, which would have practically enlarged the liability of their tenures. They had claimed the old labour rents, which had long been commuted for money payments, so long that no memory went back to the more ancient custom, and had demanded further sacrifices from them. There was no villenage in Kent, but Tyler, of Dartford, had made common cause with the workmen, and probably had far more ambitious ends than the removal of social grievances. It appears, too, that some of the nobles, notably Montacute, Earl of Salisbury, were in sympathy with the insurgents, and we know that some of the city aldermen favoured them. The ostensible object of the insurrection was the total abolition of all the incidents of villenage.

The story of Tyler's insurrection is told with sufficient details in all the ordinary history books, and those of modern date have accepted in silence the proof that I published more than twenty years ago as to the causes and consequences of the insurrection. The late Mr. Tom Taylor told me that when he discovered the real facts of the case, as I had narrated them, he was exceedingly struck with the situation, and that he meditated writing an historical drama on the subject. In point of fact, the whole political and social constitution of England was imperilled, and there was great reason in what the young king told his mother, after the events of Smithfield, that he had lost and recovered his crown on that day.

Notwithstanding the harsh language to the discomfited rebels, which the chroniclers put into the young king's mouth, it is clear that he wished to concede to the demands of the serfs. He consulted Parliament as to whether he should give effect to the charters of manumission which he had granted, and when Parliament indignantly refused, as it often does to this day refuse to listen to wise counsel, the judges, I am persuaded at the king's instance, gave the most favourable constructions possible on these servile tenures, and protected the serf from arbitrary action. Richard himself, too, refused to bind the yoke more strictly, and when Parliament petitioned that the sons of serfs should be declared incompetent of holy orders, he flatly and peremptorily rejected their petition. He had no mind to provoke the risks of another Mile-end or Smithfield. Henceforth the characteristics of tenure in villenage and serfdom became slighter and more indistinct, though faint traces of personal disability can be detected as late as the sixteenth century. Tenure by villenage is rapidly called tenure by copy, and any discredit attaching to the tenant of bare lands is speedily lost in the land-hunger of the fifteenth century, when copyholds were purchased by nobles and knights.

General pardons were speedily issued, at first to those who had been guilty of illegalities in suppressing the insurrection; next to the insurgents themselves, though a long list of exceptions is published, the majority being Londoners. In one case the insurgents of Edmundsbury were pardoned, but were constrained to plead their pardon and give security to the Abbot of Bury. You will find the narrative of the serfs' acts and claims in Walsingham, and the

expedients which the reluctant abbot adopted in order to elude the insurgents. There is however an Act of this reign, 9 Ric. II. cap. 2, under which provision is made, that if villains and niefs (female serfs) bring fictitious suits against their lord, he is not to be forebarred by answering at law. By the ancient custom, if a lord pleaded against a serf of his own in a court of law, he admitted by implication the serf's manumission, and was held to have enfranchised him.

I have given this slight sketch of the events of 1381, because the gradual emancipation of the serfs, dating unquestionably and proceeding progressively from the great Insurrection, must have had its effect in strengthening the hands of all labourers in resistance to these interested statutes. The free labourers had made common cause with their meaner fellow-countrymen, and were now reinforced by those whom they had helped to emancipate. Fortunately for human progress, there are, and we trust there always will be, many, who being in no appreciable peril themselves at the hands of those who wield power selfishly or claim rights injuriously, by the aid of their dependents and their sycophants, undertake the cause of the oppressed, and gain victories in which they win no spoil. Beyond doubt, even in that day, there were many men who, having freedom and rights themselves, thought it their duty to aid those whose freedom was imperilled and whose rights were assailed.

It was not to be imagined, because king and Parliament relaxed the feudal lord's grasp on the serf, that they were likely to yield without further efforts to the claims of the labourer. The statute 12 Ric. II. cap. 4, while it re-enacts the original Act of Edward, introduces some new provisions into the law. Alleging that "servants and labourers will not, nor for a long time would serve without outrageous and excessive hire," it proceeds to fix the wages of those servants in husbandry who were lodged and boarded by their employers. But it also introduces a passport system. It enacts that servants going from one employment to another hiring shall carry letters testimonial from their late employer, puts the obligation to carry passports on pilgrims and beggars, punishes those who are without such letters of credit with the stocks, and those who forge them with imprisonment, at the discretion of the justices. It also provides that such persons as have been engaged

in husbandry up to twelve years of age shall be incapable of being apprenticed to trades or handicrafts, and declares their indentures void. It compels artisans to labour in the fields at harvest time, and puts increasing fines on those who give or receive more than the legal rates.

The 4 Hen. IV. cap. 14 prescribes that labourers should be hired by the day and not by the week, that they should not be paid for holidays, nor for the eves of feasts, and that they who quit work at noon should be paid for only half a day. The Act puts a penalty of 20s. on the labourer who takes more than the statutory payment. It is remarkable that in 1408 Henry pays four carpenters at Windsor sixpence a day for 365 days in the year. But the statute, as I have proved conclusively, was kept by neither king nor subject.

Under 7 Hen. IV. cap. 17, re-enacting the Statute of Labourers, Henry gave an answer to a petition presented by Parliament, to the effect that no person should be allowed to bind his or her son apprentice, unless he had 40s. a year in land or rent, an income from land, which up to recent times would have represented at least £80 a year. The draftsman of the petition, after stating that there was great scarcity of labour owing to the practice of apprenticeship, enacts that the limit should be 20s. a year, and puts a penalty of 100s. on any person who takes such an apprentice, any person being permitted to inform against offenders. But the Act allows parents to put their sons or daughters to school at their discretion.

By 2 Hen. V. cap. 4 the Statute of Labourers is again confirmed, and order is taken that it should be exemplified and sent to the sheriffs for publication in the county court. A new clause is added under which workmen and employers may be examined on oath, as to wages given or received, and a further power is given to the justices of issuing writs for the reclamation of fugitive labourers. By a further Act of the same reign (4 Hen. V.) the penalties for receiving excessive wages are hereafter to be levied from the receivers only.

Legislation on the wages of labour is abundant and inoperative during the next reign, the long minority of Henry VI. In the second year, the Statute of Labourers is re-enacted, and a new clause added, one which was hereafter to bear such evil fruit, that the

justices in quarter sessions should be empowered to regulate the rate of wages. But the Act was temporary. In the next year, 8 Hen. VI. cap. 1, the confederacies and yearly congregations of masons in general chapters and assemblies are forbidden, and the punishment of fine and ransom and imprisonment denounced against offenders.

By 6 Hen. VI. cap. 3 the labour statutes of Richard are re-enacted, and the clause permitting the justices of peace to fix the rate of wages re-enacted and enlarged. The justices in every county and the mayor in every city and town are to make proclamation every Easter and Michaelmas fixing how much each workman or artificer is to have, with or without food, and these proclamations are to have the force of statutes. But the statute is again temporary. It is re-enacted by 8 Hen. VI., and is to endure "till the king hath otherwise declared his will in Parliament." By 11 Hen. VI. the Statute of Apprenticeship is again enacted, but London is exempted from the 20s. a year clause, by which "the Londoners are grievously vexed and infuriated."

By 15 Hen. VI. cap. 6 the guilds of artificers and other labourers are attacked. It is stated that "guilds interpret their own charters for their own profit, and to the damage of others." The new law enacts that hereafter all letters patent and charters of guilds shall be registered before the justices of the peace in counties and the chief governors of towns. A penalty of £10 is to be inflicted on every ordinance which is not in accordance with the charters. You will notice that county or village guilds must have been numerous, or they would not have been made the subject of legislation and inspection. By 18 Hen. VI. cap. 11 the qualification of the justice is raised to £20 a year in land.

By the 23 Hen. VI. cap. 12, the law provides that a servant shall give notice to his employer that he intends to leave his service, "so as to let him provide a new one." The Act also gives a schedule of wages, in which the rates now become customary are all but acknowledged. It also declares that hirings in husbandry shall be for a year certain. There is no legislation on the subject of labour during the reigns of Edward IV. and Richard III. The labourers had won the day. In Henry VII.'s reign the rule about the qualification of apprenticeship is rescinded in the case of Norwich by

11 Hen. VII. cap. 11; and by cap. 22 of the same year, a schedule of wages is given, which, considering the cheapness of the time, is exceedingly liberal. At no time in English history have the earnings of labourers, interpreted by their purchasing power, been so considerable as those which this Act acknowledges. But the day is twelve hours from March to September, from daybreak till night for the rest of the year. It is certain that fifty years before the labour-day was one of eight hours only, and the wages paid were far in excess of what was the statutable rate at the time.

There is but little legislation of labour during the reign of Henry VIII. His Acts remit the penalties on employers who give higher wages than the statute allows, and re-enact the rates which his father's law had prescribed. By 7 Hen. VIII. cap. 5, labourers in London are exempted from the Statute of Labourers, and by 28 Hen. VIII. cap. 5, no corporation or company was allowed to restrain apprentices when their time was up from trade, or to exact more than such legal fees for their freedom as were permitted under existing laws.

I am sensible that the recital which I have made of these ancient laws is dry and dull. But you cannot study the history of any civilized country to any profit without taking note of its laws, still less that of England, in which the course of legislation seems to be so much a matter of compromise and immediate expediency, but in which it is therefore more immediately connected with its history, least of all in the economical interpretation of history, where law is to the social state what chronology and geography are to the political estimate of a nation. During all this time the mass of English labourers, by no means claiming more than the reasonable reward for their services, were thriving under their guilds and trade unions, the peasants gradually acquiring land, and becoming the numerous small freeholders of the first half of the seventeenth century, the artisans the master hands in their craft, contractors in the same period for considerable works, planning the solid and handsome structures in what is known of the Perpendicular style, and withal working with their own hands on the buildings which their shrewdness and experience had planned. It is true that at the very best age of the workman a ruin was impending, the causes of which I have been able to collect, and shall now proceed to expound.

During the whole of English history, there never was a sovereign so outrageously and wantonly extravagant as Henry. He inherited an enormous fortune from his thrifty father, as fortunes in the sixteenth century went, and dissipated it speedily. His wars and alliances in which subsidized the needy Emperor of Germany, and was baffled and foiled in all which he undertook cost him much, but his expenditure during time of peace was prodigious. He had twenty or thirty palaces, on all of which pulling down and building was perpetually going on, in which an army of workmen, often by night and day, on Sundays and on the highest festivals of his Church, were incessantly employed. The cost of his establishments was enormous. He seemed to have an idea that it was splendid and safe to entertain his nobles, and he made them quarter themselves on his numerous palaces. The establishment of Mary, till he disowned her, of the infant Elizabeth, of the infant Edward was each more costly than the whole annual charge of his father's living, as the extant wardrobe books testify. He built huge ships which would not sail, huge palaces which were the whims of the hour, and were soon left to decay. If he could have got at it, he would have spent all the private wealth of all his subjects, and he made every effort to get at it. Whatever he procured, borrowed, raised was soon like the bag of gold which Bunyan, in his vision, saw poured into the lap of Passion. He was popular in a way, for wasteful people generally are, even when they waste what does not belong to them.

The smaller monasteries went, and he soon came to an end of their accumulations. The larger ones he spared, declaring them to be the seats of piety and religion. He pledged himself that the spoil of the monasteries given him, he would ask his people for no more taxes, not even for necessary wars. Soon the greater monasteries went. I believe that, foreseeing the storm, the monks had granted long leases of the lands, so that much of his plunder was reversionary. But the accumulated treasures of ages came into his clutches. A long array of waggons carried off the gold, silver, and precious stones, which for nearly four centuries had accumulated round the shrine of Becket. This shrine was no doubt the richest in England, perhaps in Christendom. But there were others more ancient and nearly as wealthy, at Winchester, at Westminster, at a

hundred sacred places. It is exceedingly probable that the accumulations of these holy places were, as bullion, equal to all the money in circulation at the time. It vanished like snow in summer. Nothing stayed with him apparently for a longer time than he could hurl it away. The lands of the monasteries were said to have been a third of the English soil.

After these exploits he seems to have hardly dared to ask his people for money. But there still remained a way in which he could most effectually attack their pockets. He began to issue base money, at first with very little alloy beyond what had been customary. He soon became shameless, for his mint kept issuing baser and baser coins. He is the only English sovereign who has ever committed this peculiarly mean and treacherous crime, for Charles only thought of it. I reckon the continuance of this vile practice under his son as his act, for he had the credit of breeding and bringing up the infamous knaves whom he appointed as his son's guardians. At last, when the wretch was sinking into his grave, worn out by his vices and debaucheries at a comparatively early age, bloated and shamefully diseased, he bethought himself of robbing the labourers and artisans, by confiscating their guild lands. He would have confiscated all the property of the universities had he lived, but fortunately Mr. Froude's patriot king died, the Vitellius and Nero of English history.

The mischief begun by Henry was continued by the guardians of his son. It is impossible to speak with too much contempt of the crew whom Henry left to watch over and advise the young prince. Bad men, especially bad men to whom the interests of nations are entrusted, make their instruments worse. The chief of the gang was Somerset, who soon got rid of his brother Seymour at Tower Hill. Somerset completed the confiscation of the guild lands which Henry contemplated. By a political law that in such a time the greatest villain gets the mastery, Northumberland got Somerset out of the way, and for a time seemed master. He was on the point of dismembering England and creating for himself a principality or kingdom north of the Trent when Edward died; the angry and impoverished labourers rallied to Mary Tudor, and Northumberland fell. On the scaffold he added one more vice to his catalogue, for he pretended to repent. But he was so bad a

man that it may be doubted whether hypocrisy could have made him worse.

When Elizabeth came to the throne both sovereign and people were miserably poor. The base money had driven the working classes to beggary, and England, once the most powerful of Western States, was of little more account in the policy of Europe than a petty German principedom was. The queen's first task and first duty was to reform the currency. But she could not afford to make good her father's and brother's dishonesty. It would have cost her five years of her revenue. The details of Henry's crime, and the details of Elizabeth's remedy, I must postpone till I deal with the question of metallic currencies in England. It was necessary that I should say as much as I have said in order that we may have light wherewith to follow the fortunes of the English labourer. His guild lands, the benefit societies of the Middle Ages, which systematically relieved destitution, were stolen by the greedy leader of the new aristocracy, he had suffered eighteen years' experience of a debased currency, prices rose 150 per cent., and the wages of labour were almost stationary. Wages do not rise with prices. To assert that they do, or will, is either ignorance or dishonesty. During the few years which followed on the great American Civil War, and a crew of sharpers, among other dishonest actions, had insisted on, and for a time maintained, an inconvertible paper currency, the condition of workmen in the United States was very distressful. But it was not so bad as the condition of the working classes was in England after the great queen's accession in 1558. There were people at that time who wished to continue the circulation of base money, as they made a large profit on discounting it. In the American case an Englishman, seated as an economist in an academical office, was tempted, because his vanity was flattered, to defend the practice of the Wall Street junto of soft money gamblers. In the days of the English base money, Sir Thomas Gresham, financial agent of the English court at Antwerp, formulated the law which has subsequently gone by his name, that if two kinds of money declared by authority to be of equal value, but discovered in the course of trade to be of unequal value, are put into circulation simultaneously, the over-valued money will speedily drive that which is under-valued out of circulation.

After reforming the currency, Elizabeth and her advisers passed a new Statute of Labourers. In the Statute Book it is known as 5 Eliz. cap. 4. It began by repealing all the statutes which had regulated labour since 23 Edward III., over two centuries before. It then took all that was most stringent from the statutes which I have already referred to, and put them into a comprehensive enactment, which was hereafter to regulate the relations of employer and labourer. I do not indeed believe that Elizabeth and her counsellors intended to deal unjustly by the workmen; some indeed of the clauses of the Act are intended for the working man's protection, but the mischief of the Act was in the machinery by which it would be carried out, and in the terribly depressed condition of the labourer. He was handed over to the mercy of his employer at a time when he was utterly incapable of resisting the grossest tyranny. The Government of the day probably remembered the uprisings of Tyler and Cade, certainly that of Ket, and they determined to make use of an instrument, the justices in quarter sessions, who would be able to check any discontent, even the discontent of despair, and might be trusted, if necessary, to starve the people into submission. We shall see how completely success attended their efforts.

In certain employments servants were to be hired by the year. Every unmarried person under the age of 30, and not having 40s. a year of his own, nor otherwise employed, was compellable to serve at a yearly hiring in the craft to which he was brought up. You will note here that the limit of private income, the old franchise of Henry VI.'s law, suggests that the framers of the statute are of opinion that the old prices would recur, and that calling a coin a shilling, when it only contained about the third of a shilling, would enable it to buy as much as when it was three times its present weight. The servant hired for a year could not be dismissed except upon cause allowed by two justices, nor at the end of the year without a quarter's notice. Next, all persons between the ages of 15 and 60, and not otherwise employed or apprenticed, were made liable to serve in husbandry. Masters unduly dismissing their servants were to be fined 40s., and servants unlawfully quitting their employment were to be imprisoned. Servants were not to quit city or parish without a testimonial, if they do so they are to

be imprisoned, and if they have a forged testimonial they are to be whipped. Masters taking a servant without a testimonial are to be fined £5. The hours of labour are defined, as in earlier laws, at twelve hours a day during the summer months, and from daybreak to night in the winter. Absence from work is to be punished with a fine of a penny an hour. A strike is to be visited with a month's imprisonment and a fine of £5, a sum which appears to be a blow against what might be surviving of the old trade unions.

The justices are to hold a rating sessions (they generally held it a little after Easter), in which they are to fix the rate of wages in all employments, summer and winter, by day or year, with board or without board. These rates are to be certified in Chancery, approved by the Privy Council, and proclaimed by the sheriff, who is to call attention to the penalties in the Act. The justices are to be paid 5s. a day for their attendance, and those who are absent from the rating sessions are to be fined £10. The penalty on giving higher wages than the scale is £5 and ten days' imprisonment, on the receiver twenty-one days, the contract being declared void. Workmen assaulting a master are to be imprisoned for a year or more. Artificers may be compelled to do harvest work.

Workmen are allowed to migrate from county to county in harvest time. Women between twelve and forty years old, if single, can be compelled to work by the year, week, or day, at the option of the hirer, and certain persons are allowed to take apprentices in husbandry. Householders in towns may take apprentices for seven years terms, and each may have two, if they be children of artificers, and an artisan may have as an apprentice the son of a person who has no land. The apprenticeship must be for seven years, under a penalty of 40s. a month for all the period short of this time. But merchants are not to take apprentices, except from parents having 40s. a year in freehold land, and in certain specified callings, notably in the trade of woollen cloth weaving, unless they possess a freehold of £3 a year. One journeyman must be hired with every three apprentices, and if more than three are indentured, one journeyman to each additional apprentice. But persons refusing to be apprenticed are to be imprisoned. Runaways are to be imprisoned.

The justices are to inquire periodically into the execution of the

Act, and to revise their rates according to the cheapness or dearness of the necessaries of life. The Act further recognizes the common informer, who is to have half the penalties, the other half going to the Crown. Thirty-three years later the Act was amended. The liabilities of the Act were extended to weavers, the justices were empowered to issue their rates in divisions of the shires, and the rates are to be published by the sheriff, but the obligation of certifying them to the Privy Council through Chancery is abrogated. They are henceforth to be presented by the *Custo Rotulorum*. As was commonly the custom at that time, the Act was temporary, but was constantly renewed in the last chapter of the Parliamentary roll. Thus it was re-enacted in 1601 and 1603. In all, between 23 Edward I. and 1 James, thirty-seven Labour Acts were passed by Parliament.

The justices soon set to work. The first assessment extant is dated June 7, 1563, and is for the county of Rutland. The original is in the great collection of Elizabeth's proclamations, a volume that certainly belonged to Burghley and his son Robert Cecil, afterwards Earl of Salisbury. This assessment was, I make no doubt, to be a guide for counties south of the Trent, as one of 1595, and also printed in the same collection, is for those which are north of the Trent. Altogether I have found thirteen of these assessments between the years 1563 and 1725. I believe that they were discontinued during the eighteenth century, not because the law was neglected, but because the assessment had effectually done the work for which it was designed, the labourer's wages being now reduced to a bare subsistence.

The object of this celebrated or infamous statute was threefold—(1) to break up the combinations of labourers, (2) to supply the adequate machinery of control, and (3) by limiting the right of apprenticeship, to make the peasant labourer the residuum of all other labour, or, in other words, to forcibly increase the supply. The courts of law, if the justices were slow to act, could be quite relied on for enforcing the statute, for the most prejudiced lawyer cannot deny that the Stuart judges were, with some exceptions, timid, servile, and cruel. Attempts have been made to argue that the Stuart kings wished to rule strictly by law. But their apologists forget that law is no abstract proposition, but a highly practical

condition of social life, and that procedure is as much law as the penalties which a statute enacts, and the rights which law professes to guarantee. To keep to the letter of the law and corrupt its procedure, is a far greater treason against law and freedom than it is to enact a law of Draconian severity. Now the Stuarts made the judge's patent run during the pleasure of the Crown, and gave the judge abundant warnings that they would be ejected from office if their rulings or interpretations of law displeased authority. It was from this point of view, I venture to affirm the true one, that the answer of the aged Serjeant Maynard was made to William III. "You must have outlived all the lawyers," said the king. "Yes, sir," he replied, "and if your Majesty had not come hither, I should have outlived all the law." But the Stuarts did not repeal laws, they only perverted their administration by the hands of wicked judges. They did not even punish Chief Justice Vaughan for affirming the immunity of juries. At last the judges got freeholds in their offices, and became incomparably more honest.

The justices in quarter sessions took no note, as the statute instructed them, of "the cheapness or dearness of provisions." Their object was to get labour at starvation wages, and they did their best to effect their object. The law gave them the power, and provided no appeal from their decision. It may be said that the framers of the statute imagined that the magistrates could adopt a sliding scale, like that which was evidently contemplated under 25 Edward III., and as evidently was before the mind of Parliament when it framed its own scales in the fifteenth century, particularly in 1495.

Some time since, in a work of mine, entitled, "Six Centuries of Labour and Wages," my information as to the amount of wages paid and the price of food having been far less copious than it now is, I was able to show that while the Act of 1495 enabled an artisan, in prices of that time, to procure a certain amount of food and drink with a fortnight's labour, at the rates of the statute, and an agricultural labourer to obtain the same with three weeks' labour, the justices' assessment rarely enabled the peasant to obtain the same quantities with a whole year's labour, and would sometimes have required two years' incessant labour. For it must be remembered that though the law pressed hardly on the artisan, it was intended to press far more hardly on the peasant, cheap agricultural labour,

in the absence of any notable, as I shall show hereafter, any possible improvement in the art of agriculture, being, as was seen clearly enough, the best means by which, concurrently with a high price of produce, agricultural rents could be raised.

Now the researches which I have made subsequently to the the publication of my work, have abundantly confirmed the inferences which I drew as to the intention of the quarter sessions assessments. I have discovered more of these documents than were before me a few years' ago, and have been able to trace the consequences of the system. It is true that in some particulars the position of the peasant was not so bad as it now is. He was rarely without his patch of land. The Allotments Act of 31 Elizabeth cap. 7, under which an attempt was made to check the growing evil of building cottages without curtilages, which provided that no cottage should hereafter be built, unless four acres of land were attached to, for the peasant to work on his own account, and forbade under penalties that more than one family should inhabit the same tenement, is, to my mind, conclusive as to what had been a practice, and that the practice had been recently abandoned. I can trace the continuity of this practice and its beneficial effects during the early part of the eighteenth century. In the latter half of this century, the Act was repealed. Its duration was a hindrance to the fashion of enclosures then so prevalent.

Again, beyond the plot which he held in severalty, the peasant had more or less extensive rights of common. The common, even if it did not afford herbage for his cow, was a run for his poultry, and assured him the occasional fowl in the pot. When the system of enclosures was in full vigour, people commented on the very different treatment received by the man who stole the goose from the common and the man who stole the common from the goose. The gradual appropriation of these indirect advantages, however much the policy of enclosures may have increased the productiveness of agriculture, was an insensible aggravation of the peasant's lot, and a cause of increasing distress to him.

Again, as there were large tracts of open and swampy country, the England of two and more centuries ago swarmed with wild animals. From the earliest times of which we read, some of these animals were protected for private amusement or consumption,

as stags and deer, hares and wild boars. In later times, especially in James the First's reign, game laws, restraining the practice of sporting, on the plea that the practice of fowling and snaring made the labourers idle, were enacted. But it is certain that the laws were inoperative. I have examined many accounts of the sixteenth and seventeenth centuries, which register the domestic expenditure of several noblemen of rank and fortune, and of corporations. The amount of game, winged and ground, which is bought, especially in winter, is prodigious. Many purchases are made of birds which are not, I believe generally found on tables now. But if the sole right of netting and fowling had been reserved, as the statute of James prescribes, these items could not have appeared in the accounts. They were doubtlessly supplied by the small farmers and peasantry. Now, what they sold at the great house, they might have consumed themselves.

These advantages which one discovers by studying the social legislation and habits of the time, existed to an equal or a greater extent in the time of the first Tudor sovereign. It is the gradual deprivation of them, without any compensation beyond the concession of a bare subsistence which marks the economical history of the poor as the centuries pass on. It is, I think, most probable that the practice of the quarter sessions assessment ceased in the south of England at the close of the seventeenth century, and in the north at the beginning of the eighteenth. It would be strange if the practice was continued, while agricultural history, now getting full of comments on the situation, is entirely silent on the subject. But, in fact, the justices had done their work. They had made low wages, famine wages, traditional, and these wages, insufficient by themselves, were supplemented from the poor rate.

We have an account or return of the poor rates, actually collected and expended in every English county, at the end of Charles the Second's reign. Its heaviest incidence is in the counties south of the Trent. The sum, to our modern experience, is hardly a tenth of that now raised and expended in England and Wales. But this gives an inadequate idea of its character. It is in amount more than a third of the whole revenue in time of peace. If the money expended for the relief of the poor in the present day stood in the same

ratio to the public expenditure, interest on debt being not reckoned in the revenue, it would reach nearly twenty millions. In fact, the estimate which Gregory King makes of an agricultural labourer's income at the end of the seventeenth century, and I know from actual payments made and wages earned, that King's estimate is pretty accurate, the income had invariably to be supplemented from the poor rate. It is true that King exhibits his inference in a curious way. He makes out that the landowners and officials alone contribute to the annual increase of wealth, because they got the largest share, and save some of it, but that the whole class of labourers are, from the character of their incomes, a burden on the national resources, though he was not blind to the fact that they made all the wealth.

But there are two facts on which comment should be made. The rate of wages actually paid to workmen is always higher than that prescribed by the justices. I cannot say, indeed, that the wages which I have registered were paid for (say) fifty weeks in the year, but neither is it certain that the quarter sessions rates by the day are. Now I will take eight different kinds of labour at weekly rates, and strike an average of the eight from the justices' assessments, and another from the wages which I have registered are actually paid to the different kinds of workmen, five being artisans, and three unskilled and agricultural. The average of the justices' eight is 5s. 1d. a week, between 1593 and 1684. The average actually paid over the same period, and from the same years in which the rate is published is 6s. 6d. The employer was more merciful than the magistrate.

The other fact is that the assessments were far more generous during the Commonwealth than they are under the monarchy, whether we take the period before that form of government was affirmed or after it. Even under these circumstances the assessment is below the wages actually paid, though not much, only 4½d. in 1651 and 2½d. in 1655. After the Restoration the magistrates go back to the old scale, and prescribe 3s. a week less than was actually paid. The Puritans were perhaps stern men, but they had some sense of duty. The Cavaliers were perhaps polished, but appear to have had no virtue except what they

called loyalty. I think if I had been a peasant in the seventeenth century, I should have preferred the Puritan.

In 1825, the whole of the labour laws were swept away, chiefly by the agency of the late Mr. Joseph Hume. The early Statute Book is full of legislation on labour. There is no word in Hansard of any debate whatever on the abolition of the system. The statute of Elizabeth was obsolete, because it had done its work, and had permanently degraded the peasant. Thenceforward the whole subject was remitted to the common law, and to the dangerous interpretations which judges have given of what they are pleased to call constructive conspiracy, the most elastic instrument of tyranny which can be devised.

III.

THE CULTIVATION OF LAND BY OWNERS AND OCCUPIERS

The consequence of agricultural success—The Duke of Argyll's illustration of rent—The history of progress—The errors of theory—The history of agricultural produce—The accuracy of ancient accounts—Gregory King's law of prices—English famines—Agriculture in the seventeenth and eighteenth centuries—The survey of Gamlingay—Common fields—Pasture—Commons—The regular clergy and agriculture—Primogeniture—The land and stock lease—Development of new tenancies, terms of years, life, and on rack-rent.

THE development and progress of agriculture is the first and most convincing proof that a particular race can rise above barbarism. It is true that the practice of agriculture is compatible with and may be characteristic of an unprogressive stage, one in which civilization is early and strangely arrested. But such an arrested growth can almost always be explained by the presence of definite causes, which it costs the publicist little trouble to detect and expound.

1. The success of agriculture measures the numbers of any given community who, in the absence of foreign importation, can be maintained on the soil. When foreign importation is free and copious, the whole trading world must be taken as one community, and the rule will be found to apply with equal accuracy. We in England do not produce, perhaps could not produce enough food

from the land, wherewith to feed all its inhabitants, though this inability, for reasons which will be given further on, is disputable. But as it is we draw our supplies from various parts of the world, not a little of that which we import being in liquidation of liabilities which foreign nations or our own colonies have contracted with their English creditors. If by any ill-advised act we should check the imports of these countries, we should ruin them, or, what is more probable, compel them to repudiate their debts. It is infinitely more dangerous for a free trade country to reverse its policy, than it is for one which is protectionist to abandon that. To fall into a vice is mischievous, to abandon a vice is, economically, progressive.

2. The success of agriculture measures the extent to which other industries than agriculture can subsist, or generally other persons besides agriculturists can live. The husbandman, at least in the early stages of his craft, when he is not forced to occupy barren land, on which he can perhaps by unremitting toil induce fertility, can even with the rudest implements produce more than is sufficient for the wants of himself and his household. It is inevitably the case, as he is the most defenceless of all workmen, that either on pretence of defending him, or by taking ransom from him for abstaining from robbing him, he will have to pay toll to armed persons who constitute themselves his superiors. His labours, with more reason, supply the maintenance of those whose industry affords him more convenient means for carrying on his calling, or relieve him from undertaking bye-employments when the labour of the fields is over or is for a time suspended. The success of his industry is therefore of profound interest to all, especially when the home supply is the entire or principal source of maintenance to the inhabitants of any country. Even when it is not, the interest in successful agriculture should still be keen, for the agriculture of a country is the chief home market of a country, and the trade with one's own fellow countrymen is the safest and least risky trade of all. Everything therefore, be it law, practice, or custom, which discourages agriculture or checks its development, is a public nuisance, however venerable the law, practice, or custom may be. There has been, and there is, considerable discouragement put on agriculture, and

it is the duty of statesmen, without delay, to remove, or at least to mitigate, the causes of this discouragement.

3. The success of agriculture is the measure of rent. Rent is undoubtedly the payment made for the use of a natural instrument, the use of which is necessary to human society—the effectual and successful use of which is of profound interest to human society. The Duke of Argyll, a great, perhaps an over-confident eulogist of landowners, has compared the hire of agricultural land to the hire of a musical instrument. The comparison is ingenious and not inaccurate, but I do not think that the Duke saw the full force of his comparison. Perhaps if he had, he would not have quoted it. Let us admit that the hire of a piece of land is like the hire of a Straduarium violin. In the hands of most of us, certainly in my hands, the rent I would give for the violin would not be a penny a year; I could make no profitable music by it. But in the hands of Herr Joachim, the rent of such an instrument might be worth many pounds a year, for he could discourse most excellent music by it. And this is just the case with land. It needs the skill, experience, education, intelligence of the occupier. This has been till recent times, in some parts of the United Kingdom, of the highest capacity and efficiency. I have studied the agriculture of Europe on the spot over the greater part of its western countries, that of America from the seaboard to the Rocky Mountains, and northward to the Great Lakes. I have never seen any husbandman equal to the English farmer. But I shall have occasion hereafter to dwell on this at more length and with more precision, when I handle the economic history of rent. At present I need only say that rent is the result of two forces. Ordinary economists have generally dwelt on only the first of them. The one is the natural powers of the soil, sometimes called original and indestructible, foolishly so, because one hardly can tell what are the original powers, and no one can allege what are indestructible, except it be such as certainly do not contribute to fertility. The other, and the vastly more important one, is the acquired capacity or skill of the tenant—the power, to revert to the Duke's illustration, of playing with effect on the violin. Unfortunately, the acquired capacity and skill of the tenant are very destructible, and have been destroyed.

Economists tell us, *inter alia*, that they busy themselves with the laws which regulate or govern the production of wealth; though when they deal with details they display the grossest ignorance about the production of the most necessary and important of human products, those of agriculture. The laws which primarily govern the production of wealth are laws of nature, and by discovering them, following and using them, human industry confers utility on matter. Some are obvious and simple. No husbandman sows corn in midsummer, expecting to reap in midwinter. The earliest artisans, miners, metallurgists knew certain natural laws, attention to which was essential to their industry. But some natural laws have only been arrived at by long observation, by profound study, by cautious research. The shortening of a voyage out and home from an English port to one in Hindostan and back again, from two years to four months, is the result of an infinite study of natural laws—some gathered on the ocean itself, some in the workshop, some in the laboratory, some, and these not the least, in the mathematician's study. Wrought iron cost in money of the fourteenth century £12 a ton. Twelve is generally a fair multiple for prices of that time, taking one thing with another, when we compare them with modern experience. Why has iron fallen in price from £144 to £4, but by the discovery and adaptation of natural laws?

The production of wealth, then, is the selection and adoption of natural laws, through the agency of human intelligence, which is progressive. We cannot tell what are the limits of human intelligence and consequently of its power. We are amazed at what it has done, and cannot guess what it may do. To have predicted a century ago, that a power would convey passengers over roads at the rate of sixty miles an hour, would have seemed as absurd as the nocturnal and aerial voyage of Borak. To have predicted that the most delicate colours would be procured from coal tar, and flavours and essences from the same material, would have been deemed the talk of a Bedlamite. There are no doubt arid and unprofitable statements constantly made, such as that men will never travel as fast as light, or in organic chemistry make synthesis as easy as analysis. There is no subject on which impossibilities have been predicted with more unfortunate assurance by economists

as those on production, and especially on agricultural production and its congeners.

We, who have to read those books in which the speculative element obscures the practical side of political economy, are treated to many alarmist predictions about the margin of cultivation, the law of diminishing returns, and the exhaustion of fertility, and this constantly by people who are profoundly ignorant of the practical side of that on which they dogmatize. But no one except in a general way has ever discovered the margin of cultivation, has ever seen the law of diminishing returns in operation, or has witnessed the exhaustion of fertility. It is because they know nothing about the facts that they are so strangely and, at times, so mischievously confident. As yet we know that wheat will not grow on a granite rock, though if this rock be disintegrated it makes the most fertile of soils, and that you could not on grounds of physical space and botanical conditions grow 150 bushels of wheat to the acre, and that you can by an indefinite number of croppings of a certain kind extinguish and annul the indestructible powers of the soil, but no one ever saw these results. Unfortunately the reputation of those who talk and write nonsense, sometimes induces most mischievous fallacies of practice on the mind of those who do not see through the nonsense, and great hostility to the professors and teachers of a science which men of the world, who have to interpret the system, declare to be unpractical and intolerable verbiage.

I do not indeed purpose, in this lecture, to deal with the economical history of rent. The treatment of this most important fact, in what economists call the laws which govern the distribution of wealth, will be reserved for a subsequent occasion, for I hope that we shall be able, as I go on with these several subjects, to proceed from what I may call the general treatment of economical history to those concrete cases, in the true interpretation of which such serious consequences are involved, and such necessary appeals are made to the interposition of law. For as the laws which govern the distribution of wealth, by which an economist means the share which each person in the great industrial partnership receives, are merely or mainly of human origin, it is plainly part of the functions of the statesman to remedy any injustice which may be traced to this adventitious origin, to determine what contracts should be

permitted, and the extent to which contracts, which may be conditionally permitted, shall be practically enforced.

This much I ought to say here. Rent, as Adam Smith did not see, and he may well be pardoned for not seeing it, is not a cause of value, but a consequent of value. It is because agricultural and analogous produce fetches more in the market than it cost to produce, outlay and average profit considered, that rent, *i.e.*, economical rent, arises. Hence, if we admit, as we must by the fact that every producer seeks to obtain the maximum result with the least possible expenditure of nervous and muscular energy, personal or supplementary as the case may be—and economical labour is not in itself a desirable thing—it necessarily follows that the ideal of the economist would be a state of things in which the produce necessary for human life could be obtained so regularly, so readily, and with so little labour, and consequently so cheaply, that no rent could arise. I cannot dispute the claim of the landowner to the rent which he receives. I think that the theory which would deprive him of it by law is unjust and odious. I hold that to have bought him out, when Mr. Mill first ventilated the doctrine of the unearned increment would have been ruinous, as I insisted to that distinguished person that it would have been when he advocated it; and as for the nationalization of land, by which I suppose is meant the violent acquisition of it by the State, I must have a far better idea of any human administration than I have ever been able to form, before I hesitate to conclude that such an expedient would be the beginning of a series of perpetual and nefarious jobs. Land was nationalized under the Roman Republic, and we all know what became of it, and of the Roman Republic too.

If I have made myself at all clear you will conclude that the fortunes and history of English agriculture are the key to the interpretation of the gravest social questions which have arisen in English economical history, probably of the present situation, possibly of difficulties in the near future. For it cannot be too often remembered and inculcated that we, in the present day, are not only the descendants of an ancient nation, with a long and connected history, but that we inherit the consequences of the folly as well as of the wisdom of our ancestry, and are what we are by virtue of causes which have had an historical beginning, and in some cases

an enduring influence. Not only is this the case, but the analyst of economic history soon discovers that effects endure after causes have, to all appearance, wholly passed away; and that he is constrained, if he makes an adequate interpretation of the present situation, to modify the ancient maxim, *Cessante causa, cessat effectus*. In my last lecture I illustrated this fact very fully by showing that the quarter sessions assessments had an enduring influence on the conditions of labour long after they were disused and forgotten. In the course of this inquiry we shall have cumulative evidence of the same facts, or of facts similar to them.

Now there are certain historical facts which have had from time to time great influence on the progress of English agriculture. Such, to take some of its principal, are the great change in the occupancy of land after the middle of the fourteenth century, on which I have already made certain comments, the singular exhibition of agricultural prosperity in the fifteenth, the change of ownership after the dissolution of the monasteries, and the great extension of sheep-farming in the sixteenth, the development of rack-renting in the seventeenth, and the enclosures and experimental husbandry of the eighteenth. I do not know whether I shall have opportunity on the present occasion to refer to the remarkable reaction of the nineteenth, and in particular to the existing condition of agriculture. I shall have to make reference to most of these facts in my lecture of to-day, and perhaps the best and most obvious way in which to make them clear is to give you the information which I have been able to collect as to the rate of production at different epochs of agricultural history.

Now in 1333-6, by which I mean on this occasion, four years, though the document contains part of six years, Merton College in Oxford had a return made to the fellows of the seed sown, and the produce threshed on ten of their estates, all these lands being in their own hands, cultivated by their own capital, and under the superintendence of their own bailiffs. Wheat is not grown on all the estates in every one of the four years, but it is so generally, that I am sure the omission points to a fallow. The largest breadths are sown on the best land. Now the average produce in cheap, that is, abundant, years, as all these years are, is nine bushels of wheat and fifteen of barley, the seed being two bushels of the former and

four of the latter grain. This produce is therefore in excess of the average, and the oldest writer on English agriculture, Walter de Henley, expressly states that, unless the farmer reaps full six bushels an acre, he is cultivating at a loss, giving reasons for his estimate. This series of four years' produce precedes the great change in occupancy which I referred to as occurring in the middle of the fourteenth century, and as consequent on the plague.

The next account of production to which I invite your attention is one of after the middle of the fifteenth century. It is at Adisham, in Kent, between Canterbury and Dover, and presumably therefore a favourable specimen of agriculture. Here the produce of wheat is twelve bushels, of barley sixteen, of peas and vetches eight, and of oats twenty. The year is abundant, and prices are below the average. In 1655 Hartlib tells us that the average production of wheat was from twelve to sixteen bushels an acre, but Gregory King, about 1693, says that the produce for all kinds of grain was not more than a dozen bushels. I think that King has given a more correct estimate than Hartlib has, whose experience was to some extent of the new agriculture. In the early part of the eighteenth century the rate all round was certainly twenty bushels, and perhaps a little more.

Now from these and similar facts, for I am only giving you a specimen, I concluded that the average wheat produce of England and Wales, from the accession of Edward III. to the end of the sixteenth century, could not have been more than two and a half millions of quarters, and that the population was as numerous as the quarters, for in those days wheaten bread was the food of the people all through England, and there was little else that could be used in substitution for it, since winter roots were unknown. This inference of mine was practically confirmed by one of the poll taxes of the fourteenth century, which is virtually a census, and gives the same amount, and by an actual census of certain hundreds of Kent in the sixteenth century, where the same conclusion, when a contrast is made with the present population, is distinctly arrived at.

I have already mentioned that the distribution of land was very general, most persons holding a little farm, and the poorest a decent curtilage. Evidence of the distribution of land is derived from about

1257, and continuously onwards. It cannot be by accident that in the numerous accounts of private estates, none are found before this period, and that they are abundant after it. The custom of keeping accounts of agriculture and of manor rolls must have commenced about the period of strong political disaffection, and, I may add, of generally low prices. The lord ordinarily owned about half the estate or manor; but it is from his bailiff's accounts only that I have been able to collect any evidence. The records of no peasant's holding have survived, even if any account was taken of them. But beyond question such persons, having before them the method on which the lord cultivated his estate, profited by his example, by his successes and failures. In many ways the landowners of the thirteenth, and the first half of the fourteenth centuries must have been the instructors of the poorer cultivators, just as in a more recent and stirring time the best English landowners, and they were then many, instructed English tenant farmers in the new agriculture.

Nothing can be more carefully and more exhaustively drawn than the bailiff's account. He made rough notes of his receipts and expenditure, and from these notes, which occasionally survive, the audit was based and the roll engrossed. It is almost always in Latin, and the writing was certainly the work of the mendicant clergy. But it is absurd to imagine that the bailiff would have rendered his account in an unknown tongue. The English bailiff, generally a small farmer, often a serf, must have been at least bi-lingual. Everything is accounted for, all receipts, including those from the manor court, all rents and all produce. The acreage sown, the seed required for the purpose, the live and dead stock on the farm are carefully noted, even to an egg, a peck of tail corn, or a chicken, all losses are given, all allowances recorded, and the audit completed, and the quittance admitted; and then the bailiff began in the same methodical way to register for his next year's balance-sheet. If two consecutive years of these accounts are preserved, one can easily discover what the rate of production was from the previous cultivation.

Now at this time the English people lived on the produce of their own country. There might have been occasionally imports of grain from the Baltic seaboard, and there are occasions, late in the middle

period, in which notice is taken of such trade, from which, by the way, came that peculiar measure, the last or double ton, traceable as a local measure in the Eastern counties to the early part of the eighteenth century at least. The administration was alive to the expediency of prohibiting the export of corn to foreign countries when the home supplies were short. Thus in 1438-9, the only famine of the fifteenth century, when Parliament petitioned for a relaxation of the restraints on inland water carriage, the petition was rejected, on the plea that the Government were convinced that the concession would be interpreted as a license of exportation.

You are perhaps acquainted with Gregory King's law of prices, one of the most important generalizations in statistics, and applicable to all values whatever. King applies it to the harvest only, and states that a defect in produce raises prices in a different ratio from that which characterizes the dearth. Thus, a defect of—

1 tenth raises the prices above the common rate	3 tenths
2 tenths " " "	8 tenths
3 tenths " " "	1·6 tenths
4 tenths " " "	2·8 tenths
5 tenths " " "	4·5 tenths*

This rule operates in depressing as well as in exalting prices, and is not thought of in times of high and low prices as it should be. It applies to all articles in demand, but the depression is more marked in the case of over-supply in articles of voluntary use, and the exaltation more marked in the case of under-supply in articles of necessary use. Hence the particular phenomenon which King wished to comment on, the effects of scarcity, are more visible in the principal grain than in any other. Nor must it be inferred that King has gathered his ratio of increase from an actual survey of facts. He merely means to imply that the rise will be in something like this proportion. I cannot, indeed, linger on this subject, for I have made it the subject of a special lecture to be given hereafter, but I may mention here that a small margin of excess and defect will produce results which are entirely disproportionate to the amount of excess or defect. Of course, too, when the population

* Davenant, ii. 224.

is relatively dense, in comparison with the success of agriculture, scarcity may be of frequent recurrence. We shall find that it was so in the seventeenth century, and between 1795 and 1819. In both these periods the population increased rapidly, by virtue of well-ascertained causes, and in both there were severe and continued famines.

A register of prices, and especially of prices dated through the year, the highest prices being generally those of May, when the harvest of the previous autumn was getting scanty, and the prospects of the coming harvest were uncertain, is nearly equal in exactness to a meteorological register, and is even more suggestive. Taking the agricultural year from Michaelmas to Michaelmas, the only way in which agricultural produce can be annually isolated and satisfactorily examined, it will always be found that when there is an anticipation of a defective harvest, the ordinary high price of May is gradually enhanced, and if the anticipation is verified, prices go on increasing up to the ensuing May, when the same estimate of probabilities is made, with analogous results, the price rising if they are unfavourable, falling if they are satisfactory.

The severest famine ever experienced in England was that of the two consecutive years of 1315 and 1316. In both these years the famine was occasioned by excessive wet and defective solar heat, the corn hardly ripening in the ear. These causes have always produced dearth in England. Our ancestors always cut their corn high on the stalk, and generally used the sickle for all kinds of grain. They had good reason for the practice. By cutting high they could reap and carry their produce in nearly all weathers, and they could dry it with comparative ease. They avoided cutting weeds with their wheat, and under a system of fallows without root crops their land inevitably became foul, and they could, and did, cut the stubble at their leisure, and use the straw, unbruised by threshing, for fodder and thatching.

In 1315, the price at harvest time is high, but not excessive. It rapidly rises to four or five times its ordinary value by May, and hardly drops in July and August. In the next year it is scarcely ever below three times its ordinary price, and rises, not indeed to the extreme famine rates of the previous year, but to even four times its usual price. Nor does the hope of the ensuing harvest come till late.

The weather must have changed for the better in the month of July or August, and happier times followed. The greatest scarcity of modern times, and the highest recorded price of wheat, is in December, 1800, when it was rather more than double that which had at that time become customary. In 1815, it reached more than the highest estimate of increase, which is suggested in Gregory King's table given above. Scarcities, or famines, almost as serious occurred, for only single years, in 1321, 1351, and 1369. There was only one year of great scarcity during the fifteenth century, that of 1438, already referred to. In the sixteenth the dear years were 1527, 1550 and 1551, 1554, 1555 and 1556, when the base money was in circulation, and worst of all in 1595 and 1596, when the privation was nearly as severe as it was 280 years before. Now we may be quite certain that the same cause was at work in all these cases, excessive rain and deficient solar heat in summer. There is a curious confirmation of these inferences in the price of salt. A bad harvest is always a dear year for salt, either immediately or subsequently. The reason is that all the salt consumed in England, and it was a real necessary of life, as for half the year people lived on salted provisions, was obtained by solar evaporation only. The price of salt is therefore an indirect register of the amount of solar heat in any given year.

The interpretation of the facts in the seventeenth century is far from easy. In no period of previously recorded history was scarcity so recurrent and so prolonged. But though public affairs were of such absorbing interest, very little note is taken in contemporary authors of the terrible straits to which the working classes were reduced. I should weary you if I gave you a list of all the famine years. But sometimes they continued for a lengthened period. The five years, 1646-1651 inclusive, were of unbroken dearth; the middle year, 1648, being, as is usually the case, the worst. A similarly calamitous period occurs in the four years 1658-1661, the last year being in this case the worst, not only of this epoch, but of the whole century. Lastly come the seven years of scarcity, as they were called at the end of the century, 1692-98 inclusive.

Now during the seventeenth century, the population was certainly doubled. The cause of this was partly immigration from France, Flanders, and Germany, of refugees from the wars of religion and

persecution, partly the great development of the woollen industry, mostly the settlement of England north of the Trent, which began after the union of the two Crowns, and the peace of the Border. By the end of the century, as we know from the hearth tax, the north of England was nearly as populous as the south, though it was far poorer and more backward. Now there can be no doubt that owing to this last cause the area of cultivation was extended, though it is certain that the agriculture was rude. The invariable comment of writers on agriculture in the seventeenth century proves that the farmer was grievously rackrented (low, as I shall show in a later lecture, as the rents were, according to our modern experience), and was therefore at once impoverished and deterred from making improvements. It is true that the labouring peasant suffered even more severely than the farmer, for the landowners knew well enough that if they could compel cheap labour, they could raise their rents, and they acted steadily on that conviction in their assessments. As I have already stated, the justices during the commonwealth raised the wages in their assessments quite 50 per cent., and though their successors after the Restoration tried to revert to the old rates, employers paid the new. It is satisfactory to discover that during the great part of the period between the Restoration and the second Revolution, the price of wheat was low.

In the first half of the eighteenth century, except for two years, the prices of all the necessaries of life were even lower than they had been in the seventeenth, but this was due to the praiseworthy and patriotic energies of the great landowners, who betook themselves generally to the new agriculture, and encouraged the tenants by their own example to follow. A vast amount of land was enclosed, partly what had been open fields, partly what had been common, and there is no doubt that the bounty granted on exported corn had its effect. In point of fact the bounty stimulated the least objectionable kind of gaming, gambling for the bounty, by endeavouring to increase the produce. But after the foolish and obstinate war with the American plantations, and still more during the prolonged Continental war, comes an era of wild finance, of enormous debt, of oppressive indirect taxation, never profitable unless it attacks the consumption of the poor, and the abandonment of landlord cultivation. But I shall have occasion to deal with this subject

more exactly when hereafter I handle the history of agricultural rents.

The system under which land was cultivated was one of very remote antiquity, was possibly prehistoric. It has not become entirely extinct till very recent times, for I have myself seen it still in operation in Warwickshire and elsewhere. No doubt closes and meadows, usually the private estate or demesne of the lord, were in existence in very early times. But the land of the parish or manor, these closes or meadows excepted, was generally distributed as follows. There were a number of large common fields, in which each owner or occupier had a certain number of furrows more or less frequently repeated. Between each set of furrows ran an uncultivated balk, a foot or so in breadth, which formed a boundary or landmark, and for some time of the year a pasture. The distribution and arrangement of such a common field is described with sufficient accuracy by Fitzherbert in his treatise on surveying, published in the first quarter of the sixteenth century.

But you will understand the system better, after you have inspected the volume which I have by me, and will send round for your inspection. This is an exact copy of a survey (the original is still in existence) made of the parish of Gamlingay in Cambridgeshire in 1603, by one Thomas Langdon, and for which Merton College, to whom the original and copy belong, paid him £12, stating, with justice, that he had most beautifully drawn it. It certainly is not only the most ancient survey which I have seen, but by far the most exact and elegant. Gamlingay is a large parish on the western boundary of Cambridgeshire. It contains 3,755 acres, and has been partly in the possession of Merton College by gift of the founder from the beginning of that college. It is a curious coincidence, that the earliest endowed college in Oxford, and the latest endowed college in Cambridge, Merton here, and Downing there, are interested in Gamlingay.

The college had two manors in the parish, one which goes by the name of Mertonage, the other by that of Avenells. The enclosures, meadows, and woods belonging to the college by its possession of these two manors amount to a little over 816 acres. There was a third manor in the parish, that of Woodberry, which had belonged to the Abbot of Saltrey. The college is the principal lord, but

there are other considerable proprietors—as the Queen ; Captain Merton, Clare Hall, in Cambridge ; the Vicar of Waresley, in Hunts ; the parish of Waresley ; and a Mr. St. George. With the family of this last-named proprietor the college had ancient quarrels, for they went to law with a William St. George, of Gamlingay, in 1344 and 1345, and spent no inconsiderable sum of money in these years with the view or plea of expediting justice, and according to modern notions in a very suspicious manner. This survey was drawn up in order that it might be produced in court, and a note in the original is to the effect that it was put in as evidence in a suit for realty.

You will notice that each one of these fields is divided into very numerous strips, and that the dimensions of each with the name of the owner or occupier are duly given. You will see that there are some thousands of these strips. Langdon's survey gives thirty-four houses in the village, and the population in 1601, would, therefore, be from a hundred and fifty to a hundred and seventy persons. At present the inhabitants are over two thousand, and the increase is in accordance with what I have suggested was the population of England in the sixteenth century.

The cultivation of the common fields was necessarily that of two grain crops and a fallow. Even if the art of cultivating roots and artificial grasses, already practised in Holland had been known, it could not have been practised on the open fields, for after the harvest was gathered, all the sheep and cattle of the parish were turned into the fields to feed on the balks and what they could pick up among the stubbles. In this case the owner of several or private pastures had a great advantage, for he could send his cattle into the common field with those of the other occupiers, and reserve the aftermath at least, or rowens as it is sometimes called, of his own meadows, till the common field was eaten bare. No doubt a great deal of injustice was done by the enclosures of the eighteenth century, but the new agriculture would have been impossible without them, and the new system was the making of English agriculture, and, when Sir J. Sinclair carried it further north, of the Scottish.

The owners or occupiers of these common fields had other advantages in the commons of pasture and the lord's woods. These commons of pasture seem to have been, in early times, almost uni-

versal. They were, it would appear, that part of the settlement which was least convenient for the plough, least accessible, and least defensible. A modern English village, with its street and its church, and its very few outlying houses, is a distinct survival of the earliest occupation. In my native place in the Meonwaras I have no manner of doubt that many of the village houses have been sites for habitation during a dozen centuries, and that homesteads in the parish but away from the street are comparatively modern occupancies. Now in this common of pasture, there was generally no stint. When the stint of pasture was the rule, it was either because the common was of limited extent, or was merely the same thing as saying that the tenant of a small holding could not have, and therefore should not have, an excess of beasts or sheep on the common pasture. The case of the lord's woods, and the pannage of pigs was a different affair. This was only a qualified right on the part of the tenants. They had no right to send their hogs under the common swineherd, except under payment, but I am sure that every tenant who paid pannage, generally a half-penny an animal, had the right to send them into the wood, to browse on the acorns or beech mast. This at least I have gathered from the manor accounts, where the fines on defaulters are recorded, but no charge of trespass made.

I have already referred to the enormous, the prohibitive price of iron. The plough was rude, though if one can trust the earliest writers on husbandry, an acre a day was a moderate amount for a first ploughing. But the ground, I suspect, was only scratched. Deep ploughing was a thing of the remote future. The peasant farmer, even in the sixteenth century, could not afford an iron harrow. The teeth of this implement when he used it, especially when the ground was stony, were oaken pins carefully dried and hardened at the fire. The cart was generally supplied with solid wheels, bored out of a tree trunk, for iron was too dear for tires, even after the cost had been considerably reduced, for I have found such wheels well into the sixteenth century, when iron was half the price at which it was purchased in the fourteenth.

The cattle on these farms were small and stunted by the privations of the winter. There was no attempt to improve breeds. Cows are a good deal cheaper than oxen, bulls a good deal cheaper than

cows. Nor does there seem to have been any attempt of a general kind to improve the breeds of sheep. I have found some dear rams, but they are quite exceptional. There was to be sure temptation enough. Certain wools from the neighbourhood of Leominster were eight times dearer than wool from Suffolk. Even as late as the play of Friar Bacon and Friar Bungay, Leominster wool is quoted as superlative. In 1734 Lord Lovell only gets 3d. a pound, or 7s. a tod, for Norfolk wool. It is true that at this time, the old monopoly of English wool had passed away. But in the fourteenth century wool was often three times the nominal price of Lord Lovell's sales. The fact is there was no winter feed, and unless the farmer can keep his live stock continually in condition, it is idle to talk of breeds, or to make any attempt to perpetuate or select them. I do not believe that, on the average, any material increase was made in the marketable ox, between the fourteenth and the eighteenth centuries, and but little in the size of the marketable sheep.

In the agricultural economy of the Middle Ages, the regular clergy were of no little importance and value. The Benedictines, apart from their learning, were the great agents in making such improvements in husbandry as the age could effect, the Cistercians in sheep-breeding and wool-dealing. It is quite possible that in early times, the fatal gift of wealth had demoralized the earlier orders, as apparently the habit of simulated poverty did the Franciscans and Dominicans. But the social civilization of England would have been greatly retarded had it not been for the efforts and the labours of the regular clergy. Thousands of acres were reclaimed by the industrious monks, and estates of great value, acquired in later times by the favourites and accomplices of Henry VIII. were turned from desert into garden by the ancient orders. They continued up to the Dissolution to be indulgent landlords, partly, perhaps, because they had become unpopular, and retained the stock and land lease, out of which the tenant had become enriched and independent, after the landowner was constrained or induced to abandon it. They were the principal agents in keeping the roads in repair, for as their estates were scattered, and their rents were taken in kind, or valued in money and taken in kind, it was an object with them to make access to the monastery easy and safe. It is certain that after the Dissolution roads got out of repair, though I do not think that even

the king's highway was in so scandalous a condition in the reign of Elizabeth, as it was two centuries afterwards in the reign of George III.

You will of course understand that in the age which I have attempted to describe, and in describing which I have accumulated and condensed a vast mass of unquestionable facts, the rate of production was small, the conditions of health unsatisfactory, and the duration of life short. But, on the whole, there were none of those extremes of poverty and wealth which have excited the astonishment of philanthropists, and are now exciting the indignation of workmen. The age, it is true, had its discontents, and these discontents were expressed forcibly and in a startling manner. But of poverty which perishes unheeded, of a willingness to do honest work and a lack of opportunity, there was little or none. The essence of life in England during the days of the Plantagenets and Tudors was that every one knew his neighbour, and that every one was his brother's keeper. My studies lead me to conclude, that though there was hard-ship in this life, the hardship was a common lot, and that there was hope, more hope than superficial historians have conceived possible, and perhaps more variety than there is in the peasant's lot in our time.

Perhaps it may be well to say a little on the effect which the English system of agriculture induced on the social system of the country, and especially on the landowners. I have already stated, that where everybody was an husbandman, everybody was interested in keeping the peace, and making everybody else keep it. It is true that the law of primogeniture had been long a settled principle in the jurisprudence of the common law. But in the fourteenth century the stock on a well-tilled farm, and every landowner tilled his land, and on the whole tilled it according to the best knowledge of the time, the stock of a farm was worth at least three times that of the fee simple, as, unless some wisdom supervenes, it seems likely soon to be in our days, for land was constantly sold at six, eight, and twelve years' purchase, with sixpence an acre rent. But though the land went to the eldest son, the personal estate went to all the children equally, or was made the subject of a will. William the Norman had, for administrative purposes, enforced the concentration of land on the representative of a family against the half-

conquered and discontented English ; for equally politic reasons, he had striven to scatter the estates of the nobles, so as to make him powerful against them, but he had not attempted to induce the law of entail on personal property. He was too shrewd to do so, and his successors shared his intelligence.

For some centuries, then, the younger son of a great estate was unknown. He shared in the stock, and I have little doubt that the motive of the famous statute which did away with subinfeudation was to facilitate the independent acquisitions of the younger son, to enable him to purchase without dependency on his elder brother. The king had no objection, for it multiplied his chances of escheat. The entail, though chronologically earlier, was economically later, for it is clear to me, from the documents which I have examined, that entails were not general, at least on large estates, till the civil wars of the fifteenth century, and not common even then.

After the great plague, and still more notably after the French war had endured for a generation or two, the younger son becomes a social inconvenience. The landowners, now landlords who let their land at a rent, were the sole inheritors. The younger sons sought their fortunes in the church and in the army. The cadets of noble families appear among the bishops, and men, sometimes not of noble birth, rose to knighthood and nobility through the army, for not a few of our oldest titles were won by military adventurers. Some of these warriors became large purchasers, as Fastolfe in the fifteenth century. Some, like Cromwell, Henry VI.'s treasurer, rose to rank by the Administration. But these were lucky people, the select of the fittest, or unfittest, as the case might be. The less fortunate became, as an only resource, military partisans, and were the stimulators and victims of the so-called war of succession in the fifteenth century. It was really a faction fight, in which the Yorkist party strove to reform the Government, and the Lancastrian to appropriate the spoils.

When the great plague, and the consequent dearness of labour made landlord cultivation impossible, the landowners established the stock and land lease. It was probably borrowed from monastic usage. The monasteries were wealthy, and were obliged to be ready to hold themselves at ransom. The inmates were under vows of poverty, the abbot was, if I can judge from his table and his ver-

sonal expenditure, of which I have seen much, under no such restraint. But he husbanded the goods of the monastery, and among them its savings. Some who had been reckless in their expenditure were degraded or displaced, occasionally bringing ruin on the establishment whose affairs they administered. To abbots who wished to invest the property of the monastery safely and profitably, especially at a crisis like that of 1349, the stock and land lease offered great attractions.

In the stock and land lease, the owner of the soil, who had previously been its cultivator, let a farm, furnished with seed corn, and stock, live and dead, to a tenant for a term, the condition being that the tenant should, at the end of the term, deliver the stock scheduled to him, in good condition, or pay the money at which they were valued when the lease commenced. The valuation is generally low, and when I first came across this kind of lease I thought that the landowner let his tenant only the inferior articles on his own farm. But on inspecting the items, I came to the conclusion that the low valuation was employed partly to attract tenants, partly to cover a very serious risk, which I subsequently found that landlords regularly incurred, that of compensating their tenants for losses by disease among their cattle and sheep, certainly the latter, when the loss was above a particular percentage, all below falling on the tenant. The value of the live stock is, of course, the principal item in the valuation, which is always written out annually on the bailiff's roll. I have found, too, that under this system, the landlord, if no exceptional loss occurred, did nearly as well as on the old system of landlord cultivation.

The stock and land lease generally prevailed for about seventy years after the owner had put it into operation on his own estate. Thus Merton College let most of its land on this principle, shortly after the Great Plague, and continued it to about the end of the first quarter in the fifteenth century. New College carried on farming on its own account, at least on some of its estates, up to the end of the first quarter of the fifteenth century, and continued the lease till the end of the century. But the monasteries had it in operation up to the time of the Dissolution, and a considerable part of the assets of these institutions in the time of Edward VI. consisted of stock let to tenants for various terms.

Now I am disposed to believe that the landowners would not have abandoned the system, from which they got so good an income, voluntarily, and that this kind of lease was dropped by the tenant, who accumulated, during the prosperity of the fifteenth century, the means for buying stock for themselves, and even land. On the other hand, the monasteries would have offered easier terms as time went on. It is, of course, also possible that the armed factions of the fifteenth century were in want of money, and therefore made advantageous sales of stock to their tenants; or that their tenants, taking advantage of the purchase clauses in the lease, elected to forfeit the prices, rather than restore the stock.

The system of landlord cultivation, though it became rare, did not entirely disappear. The monasteries generally had one or two farms in their own hands, near to them, from which they drew supplies. In these cases, it was the invariable practice of the bailiff to debit them, and take credit to himself for the sales which he effected with his own employers. Thus Battle Abbey held two estates in their own hands, one at Appledrum, the other at Lullington in Sussex, produce from which was regularly sent to the monastery. The great convent of Sion, too, retained Isleworth in their hands for similar purposes. It is pretty clear that, till they were squeezed out of it by the first Lord Bedford, the abbot and monks of Westminster held their estate of Convent Garden, north of the Strand, and now the London property of the Russells, for the same purpose. Again, Fastolfe, the well-known military adventurer of the war in France, of the fifteenth century, cultivated an extensive barley estate in Norfolk, and traded largely in malt with the Low Countries. Waynflete, the Bishop of Winchester and founder of Magdalene College, was made Fastolfe's executor, and contrived to divert a portion of the estate which the devisor intended for other charitable purposes to the college which he was founding. I suspect that the transaction was very suspicious, for this pious founder was truly described by his contemporaries as *nefarius iste episcopus*. But for all this, he has had the best of it with posterity.

The next stage is the lease for terms of years. But the peculiar character of this lease, especially in the fifteenth century, is, I think, a proof that the position of the tenants is improving, and that the accumulation of occupancies in their hands was gradual. Most of

the tenancies are of numerous parcels, the lease of each parcel being determinable at different years. Sometimes a tenant will have a dozen of them, spread over as many years. This kind of tenancy must have made distraint for rent very difficult, when there was nothing but cattle to distraint on. I cannot but think that the other forms of action by which rent was recoverable were expedients adopted in order to obviate the difficulty of distraining on land which was held under many grants.

Tenancies for life were, no doubt, not infrequent. When, about the middle of the fifteenth century, Franks, the Master of the Rolls, devised a thousand pounds to Oriel College, the existing body of fellows, with commendable self-denial, purchased the reversion of an estate in Berkshire, held by a man and his wife, for the term of their natural lives. The man died soon after the purchase; the widow was disagreeably vivacious. The college made all sorts of offers to her, temporal and spiritual; for the fellows of Oriel, before the Reformation, had a very active and successful trade in religious offices. But the widow was inexorable, and the college had to wait for her demise. If I remember rightly, she lived till near the end of the century, probably outlived all the purchasers.

The last was the tenancy at will, or at rack-rent. Up to the beginning of the seventeenth century there was little chance of such a rent, and the casual or irregular gains of the overlord were chiefly derived from practising sharp manor custom on his copyholders and freeholders, as Fitzherbert broadly intimates, a form of oppression which Norden's treatise on surveying, published early in the seventeenth century, reluctantly allowed to have been charged frequently against his principals. But it is during the seventeenth century that rack-renting and rent-raising became so general as to arouse indignant remonstrance at the hands of nearly every person who writes on seventeenth-century agriculture, the special complaint being that it discourages all progress. But into the particulars of this stage I shall enter when I treat, in a subsequent lecture, of the economical history of rent.

To this occasion, also, I must defer what I should, had time permitted, have commented on in this lecture—the remarkable development of English agriculture during the eighteenth century. It is almost worthy of separate treatment. But in these outlines I

am seeking to give those leading features of economical history which have been so conspicuous in our own country. The particulars, though of profound economical significance, rather belong to that history of English agriculture which I have been the first to discuss and expound.

IV.

THE SOCIAL EFFECT OF RELIGIOUS MOVEMENTS.

Europe after the fall of the Western Empire—The Church and the monasteries the only hope of civilization, especially the Benedictines—The three parties in the English Church, official, national, and papal—The situation in Wiclif's days—His Summa Theologiæ, and its purpose—The poor priests and the peasantry—The conditions of religious movements—The teaching of Pecok—The sects of the Reformation—The Independents and the Revolution of 1688—The movement of the Wesleys—The ancient prosperity of Norfolk.

You will of course anticipate that in dealing with the subject before me to-day, "The Social Effect of Religious Movements in English History," I do not pretend to discuss the religious tenets which have from time to time been inculcated by those who have been prominent actors in these stirring events. There may, indeed, be a few particulars which I must deal with, in order to elucidate my estimate of the results which have from time to time been brought about in the social and economical history of England, by religious impulses. I am indeed disposed to believe, that however much a later habit of mind has repudiated what was once thought necessary and true, the promulgation and acceptance of such tenets, the defence of them, and even as we may now think the enormous crimes perpetuated in order to enforce them, were acts of good faith, and were honestly believed essential to the safety of society. The historian who comments on the violence of Hildebrand, on the cruelties of Dominic, on the arrogance of Innocent, on the migration to Avignon, on the epoch of the Councils, on the causes of the German and the

Genevan Reformation, on the rise of Loyola, on the religious wars which endured from 1550 to near a century later, on the last great outrage on our modern notions, the expulsion of the Huguenots, and the Penal Code of Ireland, may justly point out that infinite mischief has arisen from the policy which these circumstances indicate, but he errs as mischievously, if he thinks that the designs of those who promoted them were consciously dishonest.

I have always regretted that in this place the authorized instructor in ecclesiastical history rarely travels beyond the first four centuries of our era, and as far as I can learn, rarely gives a satisfactory exposition of what occurred in that time. For up at least to the fifteenth century, the development of theological dogma and discipline is a continuous process, every stage of which bears upon the history of the age; the reaction from which, begun in this country, and carried thence to Eastern Europe, culminated at last in the schools of Luther and Calvin. I cannot see, in short, how men can understand the Reformation, unless they understand what it resisted, what it attempted to reform, what were the compromises to which it was constrained to submit, and why it was so constrained. The attack and defence of the old creed and practice involve the profoundest political, moral, and social effects, and the interpretation of these effects is obscured rather than assisted by limiting one's inquiry to the faith, the discipline, and the practice of the Early Church.

The administration of the Roman Empire made total havoc of ancient civilization. The ruin would have been earlier but for the Empire, but it was inevitable that the Empire should bring the ruin. In this universal chaos two powers survived—the Church and a few municipalities. But the latter were weak, and almost exhausted; the former had to be concentrated, and to claim large authority, in order that it might continue to exist as a social force. The cenobite and industrial life which the Church assumed were necessary towards the revival of civilization. The Teutonic irruption adopted the vices of the later Empire without inheriting its discipline and subordination. It was essentially lawless in the fact that it did not acquiesce in any central and legal authority. It rapidly degenerated even from ancestral custom. The picture of the early Frankish monarchies, given by Gregory of Tours, and less clearly by

Fredegarius, is sufficient to show how early and how complete the anarchy was.

There was for many a century only one Power which could make head against this recurrent chaos, for the empire of Charles the Great, carefully organized as it was, had as brief a duration, and became as utterly chaotic as the Frankish monarchy which it superseded. This was an orderly community, having a universal rule and a guiding centre, which was loyal to the source of its own authority, and yet could be kept wholesome, even if the source became depraved. Such was the great Benedictine order, which preserved the relics of ancient literature and ancient law, restored agriculture, was an asylum against lawlessness, monarchical or aristocratic, and was able to survive the scandalous profligacy which characterized the Papacy in the tenth century, and even to be a great agent in the reformation of it, under Hildebrand. The philosophy of history proves that the monastic orders were the centre and the life of a reviving civilization. Though I confess that I cannot see in the "Monks of the West" all that Montalembert saw, I can discern that we owe to their example that habits of law, the dignity of labour, the promotion of education, and the record of history, were not lost during the six centuries of their early career. Nor do I wonder that, from the point of view of the public interest, apart from the strength which it gave the central power, all ecclesiastical authority favoured the cenobite at the expense of the regular clergy. Had the influence of Odo and Dunstan been enduring, Saxon England would have probably held its own against foreign invaders.

The policy of William the Norman was to establish an independent Church, ruled by his nominees. But he was resolute and successful in checking foreign ecclesiastical aggression, however defensible it might be in theory in the hands of a reformer such as Gregory VII. was. William was a very different person from Henry IV. of Germany, and never needed to go an inch on the road to Canossa. It is singular, but an illustration of what I have been saying, that during the nineteen years in which William's grandson was king, though lawlessness was everywhere, more monasteries were founded than in any other reign. But evil as were the times of Stephen, they developed a set of circumstances which

were rapidly made manifest during the more vigorous reign of his successor.

From the time of Henry II. and onwards to the Reformation in England, three sections, or, as the ancients would have called them, schools, are always visible in the English Church. The first is the official section, which I may call by a prolepsis the Erastian party, which maintained the authority of the executive, and could always be depended on by the king. These men were generally the principal officials of the exchequer, the ancient description of which, first printed by Madox, purports to be written at the dictation of one of them. To this party belonged most of the bishops in Becket's time, and the clerical chancellors and treasurers of succeeding centuries.

The second is what I may call the national section or Anglican. To this belonged such men as Becket, Langton, and Grostête. They were especially characteristic of the sixteenth century, in the person of such men as Gardiner, who, if the tenets of the old faith were left unimpaired, were perfectly willing to sanction and assist Henry in freeing himself from the authority of the Papacy. It is a striking fact, and one rarely referred to, even by ecclesiastical historians, that Gardiner and Bonner resisted and protested against the rescissory Act of Mary Tudor's reign, under which all Acts of Parliament denying the authority of the Roman See were abrogated in a lump at the instance of Cardinal Pole.

The third was the Papal or Ultramontane party. As a rule, this party was chiefly found in the monasteries, and at last exclusively. The origin of the regular orders was Papal, or if this were doubtful, the privileges and exemptions which the monasteries enjoyed were of Papal origin and Papal grant. There was nothing which the monks desired more than exemption from episcopal discipline, and there was nothing which the bishops resented and resisted more than these exemptions. There is an amusing illustration of conflicting opinion in Matthew Paris. He is, unlike most monks, strongly Anglican in his sentiments, and criticises unsparingly the king for his impolitic action, and the Pope for playing on Henry's weakness. In so far, therefore, as Grostête resisted the Papal nominations, he is a credit, in the eyes of Paris, to the English Church and the episcopate; in so far as he strove to extend

episcopal discipline over the monasteries in his diocese, he was an enemy to the Church, and to be condemned.

Sometimes, as in the fifteenth century, the Anglican party was almost absorbed in the official, when hardly a bishop was found in his diocese, but most often were in attendance on the Court. Sometimes the secular clergy made common cause with the regular, as when they all concurred in getting from Boniface the Eighth, the famous Bull, *Clericis laicos*, and thereafter were entirely reduced to submission by the king. But I am disposed to believe that the secular clergy would have made little stir, had the movement of the fourteenth century anticipated, as it was close upon doing, the Dissolution of the sixteenth. The older orders had become wealthy and negligent, and though the two orders of begging friars were at the height of their reputation in the thirteenth century, it is plain that they became unpopular in the fourteenth, not perhaps by the direct possession of wealth, from which the rules of their order excluded them, but by the trusts which were created on their behalf, on the enjoyment of which they entered, as freely and fully as those of the other and older orders did on their endowments. In the fifteenth century the pious and learned Gascoigne has not a good word to say for any of them, but counsels their suppression.

It was necessary for me to give this sketch of the state of the clergy, regular and secular, in England, up to at least the middle of the fourteenth century, because one cannot, without it, explain the force and persistence of that singular movement which began, as usual, at Oxford in the fourteenth century. I am referring, of course, to the political, polemical, and social career of Wiklif. It is not a little remarkable that all the great religious movements in England, from the earliest to the latest, had their origin in Oxford. Some of the earliest intimations which we get of the existence of a university or of schools of teaching in this place is the narrative of the discovery made of some heretics at Oxford in Henry the Second's reign, who were expelled and outlawed from Oxford, and perished because no one dared to shelter them. The University of Oxford, when under the influence of Grostête, appears to have welcomed the begging friars, of whom the Bishop of Lincoln had so high an opinion. In the next century the opinions of Wiklif were developed here. In the following century Pecok, the premature advocate of

Rationalism, was an Oxford man ; and at the end of the century, the revival of letters in England, distinctly associated with Church Reform, but with an unaltered creed, in the hands of Erasmus, Colet, and More. The splendid schemes of Wolsey, intended to give effect to this reform, but rendered abortive by his sudden disgrace, were to have been carried out at Oxford. After the reformation was accomplished, the Puritan movement under Sampson, and the literary one under Laurence, were commenced in Elizabeth's reign. Later on it is the home of the Laudian reaction. In the eighteenth century it originated a movement, by the action of the brothers Wesley, which has had well-nigh as wide and lasting an influence as that of Wiclif, and simultaneously developed the deistical tenets of Toland and Tindal, which were certainly not as obscure and unimportant as some have made them. Lastly, it was the origin and centre of the Anglican movement, which, however it has been criticised, has affected the action, if not the ritual, of those churches which have declared the strongest antagonism to it. The cause of this singular phenomenon was probably, for the most part, the extraordinary privileges and exemptions which the University enjoyed. It was certainly self-governed, and its authority over its own students was declared to be independent of bishop and pope. Many, too, believed that the course of its studies, under which the most sacred questions were customarily attacked and defended, lent no little aid to the sceptical tone which characterized the writings and conversation of its members.

In 1305, Philip le Bel, who had quarrelled with Boniface VIII., contrived, after the short reign of the successor of Boniface, to secure the election of a pope who would be entirely devoted to the French king's interests. This was the Archbishop of Bordeaux, who took the name of Clement V., and migrated to Avignon. His successors, up to the epoch of the great Schism in 1378, were all Frenchmen, and all resident at Avignon. This was not, indeed, part of the French king's possessions, but it was hemmed in by them. Now during the last thirty-five years of this period, Edward III. was a claimant of the French throne, under a title which many jurists, and French jurists too, thought valid, and the Avignon Pope was very generally deemed to be the English enemy, using his spiritual power for the purpose of aiding and abetting the French usurper. Attacks,

therefore, on the authority of the Pope were likely to be tolerated, if not welcomed.

The regular revenues of the Roman see were impoverished or suspended during the Babylonish captivity, as the residence at Avignon was described, and the pontiffs cast about for some new sources of extraordinary revenue. They brought causes to the Papal courts of law, for I have discovered and published the details of some among them, original and appellate, where the delay was great and the costs excessive. The fees paid to lawyers, all licensed by the Pope for a round sum paid down, were for the times very high. They created places for life, in consideration of present payment, and quartered such people upon their spiritual subjects in order to secure the income promised. One of them invented the doctrine of firstfruits, under which he reserved to himself the first year's revenue of all benefices in Christendom. But the greatest grievance of all was the habit which the Pope got into of putting his nominees into vacant benefices, without regard to the rights of patrons, and even, by what were called letters of provision, nominating persons in expectancy or succession to these benefices, before they were vacant. The vast sums obtained by these means were transmitted to Avignon by bills drawn on Flemish merchants, who traded with the English sheepmasters, and the English public indignantly insisted that the Pope regularly extorted on one plea or another as much money out of England as the king's own revenue came to. It seems, too, that other nations used to laugh at the patience with which England allowed itself to be plundered. And when we add to this the real or reputed leaning of the French Popes to the French king's cause, it is plain that there were all the elements of a pretty quarrel in existence. I suspect, had the English Companies caught the Pope, they would have treated him as harshly during the war as Nogaret did Boniface VIII.

Wicklif is supposed to have been born at a Yorkshire village of that name in or about the year 1324. His collateral relations are said to have dwelt there, some generations after the Reformation, and to have remained staunch adherents of the old faith. The day of his death is certainly known, the last day of the year 1384. I suspect his birth was at an earlier date than that ordinarily alleged. He was educated at Oxford, where is not known. He was certainly

a fellow of Merton, and probably master of Balliol. He was an exceedingly popular person at Oxford, where he received from the University the title of Doctor Evangelicus.

In imitation of Aquinas, perhaps with the purpose of superseding him among his Oxford pupils, Wiklif, before his political career began, wrote his *Summa Theologiæ*, under the title of "De Dominio civili." Some of the tenets promulgated in this work were familiarly quoted, notably his famous maxim that Dominion is founded in Grace. I felt convinced many years ago that he meant by this that all human authority was conditioned by the worthiness of the person exercising it, and that proved unworthiness was a valid reason for withdrawing one's allegiance. I can well imagine that as long as this was supposed to refer only to the French Pope at Avignon, who was making incessant claims on England and English benefices, the language might pass unchallenged, and be even acceptable. But when, in course of time, the tenet was applied to authorities nearer home, it excited at first a reasonable alarm, and ultimately undisguised hostility.

This work of Wiklif's was long supposed to be lost. Most of his writings have perished, for after his memory was condemned at the Council of Constance, some thirty years after his death, and his bones dug out of his grave at Lutterworth and burnt, diligent search was made for his writings, and those which were found were destroyed. Still, as late as 1453, books of Wiklif's were bought at Oxford, and for high prices too, for Oxford University in the fifteenth century was reputed to be full of Lollards. But the original work has latterly been found at Vienna, and has been partly published. Many of his works, it is well known, were taken to Bohemia by some Oxford students, where they were eagerly studied by the sect who were afterwards known as the Hussites. After the battle of the White Mountain in 1620, the Hussite books were captured and carried to Vienna, where they probably owe their preservation to neglect.

I have read what has been published of this treatise, and I confess that Wiklif's style is not attractive. It is involved, full of iteration, and is disappointing from the frequent hesitation, not to say evasions, of the author in stating the conclusion which he evidently has in his mind. But I could not doubt that even at this early part of his

career, he had intended to imply, by his famous adage, the interpretation which I set on it. Wiklif's doctrine on property and its rights is obscurely but unmistakably communistic. But the immediate application of his doctrine is to the Church and the monastic foundations in particular, then reckoned to have absorbed one-third of the land of England. Now these tenets would not be unpopular in Oxford, where the majority of the members detested the monks, and put every possible academical disability on them. Nor would they be unacceptable to public men, who were impatient of the continual costs of the French war, and were anxious to make Church property contribute far more largely to public purposes than it was wont to do. Wiklif gained the friendship of John of Gaunt, Salisbury, and Pembroke.

The opinions of Wiklif, as yet to all appearance only political, gained him public employment. In July, 1374, he was sent in company with several other English ecclesiastics to negotiate with Gregory XI. on the practice of Papal provisions. The meeting was at Bruges, and was apparently successful. Most of the negotiators were provided for with preferment, and Wiklif was presented to the living of Lutterworth, where he died. But hostile as he became to the Pope and finally to the Pope's doctrines, he remained strongly Anglican in his sympathies. In the book which I have referred to, his special admiration is reserved for Becket and Grossette, and he particularly recommends the former for refusing to acquiesce in the constitutions of Clarendon, and particularly the last, which prohibited the ordination of villains' sons without the assent of their lords, for Wiklif strongly argued against the naturalness of civil inequality.

But shortly after his return from Bruges, Wiklif took the important step of making provision for the dissemination of his tenets, which became more anti-papal and sceptical as time went on. The expedient seemed simple enough, and justified by numerous precedents. He founded a new order of poor priests, in imitation, it would seem, of the mendicant friars, who had now become entirely unpopular with the reforming party. These priests were to preach Wiklif's social and theological doctrines, to spend their lives among the poor, and especially the upland folk, as the peasants were called, to be clad in russet, *i.e.*, coarse undyed brown

wool, and to be constantly moving from place to place. Their religious character and migratory habits disarmed suspicion, and no one guessed, perhaps Wiclif least of all himself, what dangerous emissaries they soon became. They seized with avidity on that tenet which I have referred to, the unnaturalness of civil inequality, and disseminated it everywhere. They were under no central authority, were responsible to no chief, abbot, or general, but were simply held to teach evangelical doctrine, which, if the superiors of the peasants had heard them, would have filled such people with horror. It appears that they acted as treasurers to the common fund which the workmen collected, and to have had passwords and a jargon of their own. By their agency the action of the peasants was concerted from the north to the south of England.

Now let us briefly glance at the condition of England during the early years of Richard II. The war with France was languishing; the king was a child, but married to Anne of Bohemia, who was reputed for many a year afterwards to be a firm favourer of Wiclif's doctrines. People were tired of the war, not impoverished by it. The labourers were generally prosperous. The higher wages which they had struggled for, and at last obtained, were sufficient not only for them to live in such plenty as would leave them enough to subscribe to their common fund, but even to save from. There was a considerable growth of manufactures in the eastern counties, owing to the immigration of the Flemings, and these woollen manufactures were spreading over the east, south, and west of England. These people eagerly embraced the doctrine of the poor priests, who taught them the tenets of religious equality and natural freedom, and pressed into their service the lessons of the Old Testament, in which they alleged that the true polity of a religious nation was described with the fidelity and truth of inspiration. Nothing could be more invigorating than the Old Testament story, where kings were made to bow before the inspired prophet and teacher, who when kings were remiss was zealous even to slaying. Wiclif had, among his other labours, translated the Bible from the Vulgate version into English, and his book became the teaching of thousands, and a treasure to those who could acquire it.

While the peasantry were being stimulated by this new doctrine, and fortified in their judgments by the examples of the Old Testament, especially those culled from the heroic age, when every one did that which was right in his own eyes, the lords strove to make their burdens heavier, to revive the long-commuted right of predial servitude. Here, we may be sure, the peasants were told of the young Rehoboam, surrounded by foolish counsellors as that foolish king was, and despising the wiser counsellors of his father, the Salisburys and the Pembrokes. To your tents, O Israel! Then came the rising, and the slaying of the priest who was over the tribute, the victories of the Bridge, the interview at Mile End, and the tragedy at Smithfield.

I need not tell you the history of the insurrection of 1381, its collapse, and the practical success of the peasantry in the struggle. The insurrection seemed to be suppressed, but its ends were obtained. The leaders of the people were attainted and executed. Two hundred and eighty-five are mentioned by name in the Act of Parliament, four of them being beneficed clergymen in Suffolk; but the final stroke was given to the system of serfage. The nobles were frightened, and deserted the cause of the peasants; the poor priests were proscribed. But they were welcomed and hidden by the Norfolk weavers. One of them, William White, who was said to have been sent forth by Wiklif himself, seemed to have a charmed life. Incessantly hunted, he continued to elude his pursuers. At last, in his old age, in 1427, he was caught, and burnt with two others, his companions, in the Lollards' pit, outside the Bishop's Gate at Norwich, and on the other side of the Wansum.

In European history, discontent with existing religious institutions, and the acceptance of heresy on speculative topics, have always been characteristic of manufacturing regions. It was the case in Toulouse in Southern France, in Flanders, in Eastern England. The French Huguenots were the manufacturers and merchants of that country in the seventeenth century, and when they were expelled, carried with them their skill and their capital. Only Italy is an exception, and Italy profited so greatly by the Papacy that it was not disposed to quarrel with the institution, though it had no love for the representative of it. The

Lollard was no doubt like the Puritan of two centuries later, sour, reserved, opinionative, and stiff. But he saved money, all the more because he did not care to spend on priest or monk, friar or pardoner. He sometimes played savage tricks on objects of popular worship. He cut down crosses, burnt images, and gave scurrilous names to sainted and holy persons. He might have taken part in the murder of Bishop de Moleyns at Portsmouth in 1450, and of Bishop Aiscough in the same year at Edyndon. Lollardy in Eastern England was apparently suppressed, but by no means extirpated. The Lollards of the fifteenth eagerly embraced the Reformation of the sixteenth century, and were the most frequent victims of the reaction. They aided the Yorkist party from sheer hatred to the persecuting Lancastrians, and when the Yorkist was victorious they had for a time peace in their dwellings. As time went on, they swelled the ranks of Cromwell's Ironsides. The latest historian of Norfolk country life dwells on the distrust which the East Anglian peasant has for parochial clergymen.

In the researches which I have made into the economical condition of England for the last six centuries, and in the numerous facts which I have accumulated, I have constantly noticed that religious movements have had social effects under two definite conditions. The evidence on the subject is so cumulative, the facts are so clear, and the inference so obvious, that what I have to say on the subject appears to me to be a measure of the success with which a religious revival or propaganda may be anticipated.

In the first place, the effort of the missionary must needs be directed to the material as well as the moral amelioration of the persons or classes which are to be the subject of the mission. If the teacher is suspected of being mainly the agent of the civil power, of intending to assist the present status, of supporting the purpose of the magistrate, the success of an institution, or the policy of a form of government, he will be distrusted and will fail. A Court preacher may encourage partisans, may stimulate a persecuting spirit, may rouse that which is already in sympathy with him, but will not gain new followers. But in all historical religions, however much they may have been subsequently corrupted by priestcraft and statecraft, the preacher has held

out hopes to his hearers that he will better them. This is the secret of the success which attended the teachings of Zoroaster and Buddha, of early Christianity and early Islam. They take advantage of existing discontent, and preach freedom, the loosening of chains, the opening of prisons, and the natural equality of man, the manifest duty of the secular ruler. They always allege, though in varied phrase, that dominion is founded on grace. They may counsel indifference or even obedience to the secular ruler, but they always propose compensation for this concession. The constant reproach against the Anglican Church, I do not say justly, is that it is the creature of compromise, constituted and maintained by the secular power and in the interests of the secular power only. This is what Selden meant when he commented cynically on the contempt with which the public looked at the downfall of the episcopal clergy in the seventeenth century. "It," people said, "is a mere instrument created by ecclesiastics, courtiers, and king, and is intended for secular uses." What English clergyman has a thousandth part of the influence possessed by the Irish parish priest, and freely conceded to him? The Lollard teachers, the Bible men, the known men, as their password went, strove to enlist the converts to their new creed by profound sympathy and ready aid to them in their old struggles.

The next fact is, that it is in vain to attempt a social revolution, a material improvement in the condition of those whom the teacher approaches, except in times when prosperity or at least some degree of comfort is general. I am speaking of new agencies, not of those which are long-standing and as long trusted. In the history of the world, I know nothing so unwearied and so sedulous as the labour of the Irish priests has been, from the dark days of the Penal Code to this last time, in which the Irish are beginning to believe that the eastern sea will bring them justice in place of oppression. I am thinking of and referring to a different set of facts. The mission of the poor priests would have had no audience in an age of despair and misery. The forces of society make short and easy work of the outbreaks which despair occasionally instigates. The insurrection of the Jacquerie in France in the fourteenth century, of the peasants in Germany in the sixteenth, were futile struggles, full of ferocity and reprisals, but completely repressed,

the population sinking back into greater misery than that was which they strove to shake off. The peasants' war in England was an outcome of the time in which wages were high, and prices were low. The peasant of that age was better off than his father or grandfather, and had the prospect of seeing his children better off than himself. They claimed at Mile End to be free, themselves, their heirs, and their lands, and to be no more bond, nor so reputed. There is no good in preaching social equality to the indigent and destitute, to the man who asks for bread or work. Men combine and organize when they are not obliged to be constantly anxious about their daily bread; when that is lacking or uncertain, their worst language, heaven help them, is that of impotent menace. The message of Wiclif's priests would have seemed a mockery to the destitute. It was because they had something to lose, much to lose, that they resolved on striking a blow to gain more. It was, I believe, from the consciousness of how dangerous fairly prosperous men are, that the English administration, its first burst of wrath over, treated the peasants so gently, and silently granted their demands.

The peasant of the fourteenth century struck a blow for freedom in the fashion which noblemen and merchants had taught him or his fathers over and over again, against John and Henry and the second Edward; as they were soon going to show him against the king round whom they now rallied, and in whose company on that Smithfield day was the young cousin who was to depose, perhaps to murder him. He struck a blow, and he won. His descendants through the long night of the last half of the sixteenth and the seventeenth centuries were to sink deeper and deeper by the operation of well-devised machinations into the apathy of despair, from which many of them have not even yet risen. The peasant of the nineteenth century has neither the spirit or the hope which called together the Men of Kent, of the East, of the North, in 1381. The times indeed are changed; other instruments are employed now than those which were customary when making war on the king was believed to be the right of the aggrieved subject. The struggle is more civil, the victory is more humane. But the man who works will always have to struggle for his own against the man who spends, and

needs all his energy, for his rival is an organization, and he is too apt to be a mob.

A strange wave came over the fifteenth century, its wonderful prosperity, and the incredible ferocity and bloodthirstiness of its nobles, in the rationalism of Bishop Pecok. His work, the archaisms of style and fact excepted, reads to me like the apologetic latitudinarianism of the eighteenth century, or the sweet reasonableness of the nineteenth. "Our lot has fallen in pleasant places, why disturb us? You may be right, but it is quite as likely that you are in the wrong, and you must not be vexatious and dogmatic. To quarrel over religion is foolish, to attack established forms and practices is impertinent. Whenever a man finds an occupation which suits him, he is quite as probably doing God and man service as you think that he is not." I know nothing stranger than the sight of this bishop, born long before his time, preaching the gospel of indifference just at the beginning of a furious, a bloody, an implacable civil war, in which the nobles of the age were to tear each other to pieces, the ecclesiastics of the age were all to be siding with the victorious party, as one side or the other was uppermost, and all were hurrying down the rapids to the Niagara of Henry VIII.

The teaching of Pecok was proscribed, as the teaching of Wiclif was, by the pious, unworldly founder of Eton and King's College, Cambridge. Henry VI., during his whole life, was incapable of forming a judgment, and the clauses of his statutes in which the heretical bishop and the heretical preacher were impartially condemned were suggested by some adviser of the poor king. But the two systems were in violent contrast. On the one side were the secret teachers of Norwich weavers and small farmers, inculcating vigilance, thrift, secrecy, contempt for ecclesiastical pretension, concentration on the business of life, but with a high ideal of personal religion. On the other was the well-to-do bishop, apologizing for his easy and well-to-do brethren, intreating his English reading audience to let well alone, and enjoy the benefits which a wise Providence and a beneficent constitution had bestowed on them. Out of the teaching of the Lollard priests was to come in the fulness of time, the stern Puritanism which piled up wealth and wrath; out of the teaching of the others, which was in reality a reflection from the

practice and purposes of the Anglican Church in his day, of time-serving, greed, and suppleness, was to come the horrible chaos of the civil war of succession, the ruin of English prosperity, the enormous waste and crimes of Henry's administration, and the hopeless beggary of the English peasant.

The English Reformation, such as it was, owed very little to the clerical caitiffs who waited on Henry's caprices. All its strength was due to the secret Lollardy which seemed to be extinguished, and was so active. It was in the eastern counties that Lollardy was the popular religion, that the Reformation of Edward's time flourished, that the martyrs of Mary's time came, that the resistance to Elizabeth's compromise was organized, that the Puritan movement, the Independent movement, was consolidated, that the regiments of the New Model, the Ironsides were trained, that Marston Moor and Naseby, Dunbar and Worcester were won.

The Puritan movement was essentially and originally one of the middle classes, of the traders in the towns, of the farmers in the country. The confusion and loss which followed on the debasement of the currency by Henry, and the restoration under Elizabeth, when the money was to be taken by tale instead of weight, and prices consequently rose, affected principally the landowners who lived by rent, and the labourers who lived by wages. The former were stinted, because the social and economical situation was as yet a bar to competitive rents, and the latter were finally impoverished by the quarter sessions assessments. But the inconvenience was lightest to the small farmer, who cultivated his field or the portion of the common field which he held at a low fixed rent, whether his estate was one of inheritance or on a renewable term, and who lived, in the main, on the produce of his own field and his own hands. To such persons, money prices are of less significance than they are to any other class, for but little of their produce is really exchanged for money. And if, as is highly probable, the weaving of coarse woollens and linens was a bye-industry in the small farmer's house (it certainly was in more considerable mansions, such as those of Shuttleworth, in Gawthorp Hall, and Lord Pembroke's at Worksop), the profit on the weaving would make up for the exalted price which was required for implements and materials, just as in Ulster, when linen weaving was a universal domestic industry, the peasant

farmer, as long as he could pay his rent out of his weaving, was generally indifferent to its amount. But I am sure that the labourer and artisan had no interest, as they had no part in the marvellous drama of the seventeenth century, when the war between the prerogative and the people began with Cecil's book of rates, and ended with the second Revolution of 1688.

The stir of the first Revolution in 1642 brought into existence, perhaps in many cases only brought into prominence, a number of new sects, the most important of which were the Quakers and the Independents. The former, in the end, generally settled in the country and betook themselves to agriculture, the latter aggregated in the towns. The Society of Friends, quiet, self-restrained, pains-taking, and parsimonious, who cut away from their lives all superfluous and some innocent enjoyments, became the most enterprising of farmers, and had not a little to do with the success of the new agriculture in the eighteenth century, when their harmless and unobtrusive lives, perhaps the success of their industry, caused them to be generally respected. Some of the best agricultural reports in Young's collections are the work of Quaker farmers. But in the end, resistance to the payment of tithes, which seems, at first, to have been a pious opinion, subsequently exalted into a religious dogma, was found incompatible with a pursuit for which the Friends were peculiarly fitted. It appears that the abandonment of agriculture as a calling by the Quakers, took place generally in the early part of the present century.

The Independent movement had a far more important economical history. The Independents, as the reader of English history knows, were the Republican party of the seventeenth century. The Presbyterians were moderately royalist, the Cavaliers vehemently royalist, the clergy were eager to avenge their losses in the civil war, and the labourers apathetic and indifferent. The Presbyterians were tolerated in consideration of the services they did at the Restoration, were even endowed to a small extent, or allowed to be endowed. They are now represented by the small and scattered Unitarian congregations in out-of-the-way villages, and by a more numerous and compact sect in the North of England. Independency became the religion of the large towns, especially of London. The sect, of course, was the most hateful to the restored monarchy and

the restored Church. Had it been possible, they would have been visited with the utmost severity of the Clarendon persecuting Acts. But these sectaries rapidly grew rich, and out of the trade which flourished exceedingly in the last quarter of the seventeenth century, they became the moneyed interest of London. No doubt Charles would have gladly pillaged them, as he pillaged his own adherents in 1672, when he shut up the exchequer. But the boundless extravagance of his Court always kept him poor, and he had no mind, as he said, to go on his travels again, as I am pretty certain he would, had he lived much longer, as he assuredly would if he had attempted his father's pranks of illegal taxation. The Independent sect of the city of London gave stability, because it gave money, to the second Revolution. It gave its money on loan, in a business-like way, and it took security, as is the custom of merchants. The Presbyterians of the first Revolution gave their money freely to the Parliamentary cause. Now the creation of the Public debt gave a diffused interest to the New Settlement.

The Independents were the principal founders of the Bank of England. Among the first directors were Abney, the patron of Dr. Watts, three of the Houblons, who had originally been Flemish exiles, and were firm adherents of Calvin's discipline, and a host of other names who can be identified with London Nonconformity. To do business, State business, with such persons, and to visit them with penalties for their creed and discipline was an absurdity. Toleration was the necessary outcome of the new finance, as it was of the new political system. The landed interest hated them, but their hatred was impotent. Once they tried to ruin the Bank with a scheme of their own, the collapse of which made them more furious and helpless. The sons of Zeruah, as the High Church clergy confessed, were too strong for them.

There was still an institution which was almost entirely in the hands of the monied Tories who had, I believe, finally parted company with the Stuarts, but who hated the Whigs and the Dissenters. Under a charter from Elizabeth, the East India Company had grown from small beginnings to what was then a mighty trade. Their stock often sold four or five times its nominal value, when profits were high. But Parliament had affirmed that it alone was empowered to confer monopolies of trade. The old Company saw

the ground cut from under their feet, after they had spent in vain large sums in bribing members of the House of Commons, among them the Speaker, and the members of the House of Lords. In 1692, its stock reached 158; in 1696, it fell to 38.

The Whigs determined on constructing a new and rival East India Company, the stock of which was readily and rapidly subscribed by the London Dissenters. It soon shot well ahead of the old society, though, strange to say, the old company bettered itself considerably during the period of rivalry, which only lasted a few years. Perhaps they distributed their dividends honestly instead of using their profits for the sake of political corruption. In the autumn of 1703, just before England had taken decided action in the war of the Spanish succession, the stock of the old company was at 134, of the new at 219.

The traditions of the Revolutionary period, and the attitude of the city men towards Nonconformity and the principles of 1688, remained active during the eighteenth century. Wilkes was a Nonconformist, and no great credit to any sect. The city took up his defence, sheltered him from pursuit, baffled the House of Commons in their attempt to protect their debates from publication, forced Bute out of office, and administered bold rebukes to the king himself, after making very offensive demonstrations against his mother.

In a minor degree, the principal business in the other large towns was in the hands of the same theological and political party, and not a little of the remarkable material progress which characterized the eighteenth century was due to these agencies. Mr. Gladstone has disputed the accuracy of the picture which Macaulay drew of the beggarly and sordid condition of the clergy in the seventeenth and early part of the eighteenth centuries. I can only say that my researches entirely confirm the historian's description. Their influences lay through the traditions of the Parliamentary war, with the country landowners and those of their tenants who deferred to them. I do not think that the Squires Westerns honoured the Church in the person of Parson Trulliber, as neither of them were any great credit to the country party and the Church, but they voted together, and I am old enough to remember country clergymen of whom Parson Trulliber was hardly a caricature. The grievances of a standing army, a public debt, and the land tax, were till the great

rise in prices, rents, and tithes at the end of the eighteenth century, sufficient to weld together the political interests of Church and land.

The Revolution of 1688 would, I believe, have been followed by a reaction, possibly a restoration of the Stuarts, had it not been for monied Whigs of the great towns, and especially of London. The public men of the period were corrupt, were always looking out for questionable official gain, and the first two kings of the house of Hanover were not respected and were not respectable. Now the country party would probably have been as bad as the Whigs if they had had the chance, and the Whigs, who in one shape or the other were in office from the accession of the first till the death of the second George, were not likely to attack the most solid supporters which their party had. So the occasional Conformity and the growth of Schism acts soon went, and though the disability of the Dissenter remained, as long as he did not present a qualification the enforcement of which was a public scandal, means were found by which the clergy, for a solid consideration, gave their testimony that the requisite appearance and participation had been satisfactorily fulfilled, when the person who promised it had not entered the church.

The movement which the brothers Wesley began and carried out was chiefly among the labouring classes. It is well known that Wesley intended to merely introduce a reform among reputed members of the Church of England, and that the intolerance of those who were offended at his tacit rebuke of their sloth and indifference drove him reluctantly from his purpose. But I am strongly convinced that Wesley, who laboured with so much success and effected so powerful an organization in the eighteenth century, would have wasted his labour in the seventeenth. During the first half of the eighteenth century, and indeed further on, prices were far lower than in the previous century, wages rose slightly, rents were only slightly raised, and it is clear that most labourers were small occupiers as well, perhaps under the Act of 1589. There was therefore in the comparative plenty of the time an opening for a religious movement among the poor, and Wesley was equal to the occasion. It survived the terrible period of the Continental war, when nearly all the taxation of the country, so universal were the excise and customs, fell

on the poor earnings of the working classes, for it is a maxim in finance that there is no tax so productive as that which is collected from universal consumption. At the present time the protective taxes on clothing levied in the United States are easily evaded by the rich, the profits of the manufacturer are extracted from the consumption of those who cannot go abroad to buy.

I do not doubt that the remarkable progress of the working classes in the fourteenth, fifteenth, and first half of the sixteenth centuries were intimately connected with the destructive criticism which Wiclif and his followers brought to bear on the established creed and its representatives. All outward show of the opinions which these sectaries entertained was repressed, particularly during the Lancastrian epoch. But they were understood to be still secretly cherished. Pecok, the defender of the existing order of things, examines and attacks the tenets which seemed to have been uprooted. This attack betrays a suspicion that the unseen in opinion is not always unfelt. I do not doubt then that the views of the early reformers were still prevalent among the weavers and farmers of Norfolk. It is possible to extirpate a religion. Calvinism was destroyed in Flanders and Spain, almost entirely in France, to a great extent in Southern Germany. But the process was effected by an elaborate system of espionage, and the relentless punishment of the accused offenders. In the same way Romanism was extirpated in Scandinavia, and by expedients as harsh and severe. Cruel and violent as our laws on religion have been, they have not been, and, unless the character of the English were entirely altered, could not have been, effective. The High Commission Court was a very poor equivalent of the Spanish Inquisition.

The opulence of Norfolk during the epoch of Lollardy and the textile manufactures is shown in the assessments it paid. The soil of Norfolk is not particularly fertile, being mostly light. Much of its present acreage is reclaimed from the sea by gradual accretion; much of its existing surface is covered with water, and was covered to a still greater extent five centuries ago. But when the wool tax was levied in 1341, the taxation of Norfolk to the acre, London for the moment being taken out of Middlesex, was higher than that of any English county, and second to Middlesex with London. Next to it comes Oxford, probably the most fertile of the English counties,

as it has so much natural pasture, and so little waste. In 1375 when another assessment is made, the rate per acre is slightly higher in Oxford than it is in Norfolk, but these two counties are greatly richer than any other. Now there was hardly any part of England which suffered so severely by the plagues of the fourteenth century as Norfolk did. In 1453, and again in 1503, it occupies the same position, a little below Oxfordshire, but far above any other county. These are the only assessments which I have found in the pre-Reformation period. Part of the decline is no doubt due to the extension of the woollen manufacture over other parts of England, for the assessments are of a fixed grant, and are therefore relative. The growing wealth of a county heretofore backward would reduce the contingent of another, which had not indeed declined, but had not increased as the other had in the interval.

It cannot, I think, be doubted that the continuous position of Norfolk during the space of more than a century and a half, between the first and last of these assessments, was due to the habits which the religious and social tenets of the Lollards infused into the minds of those weavers and farmers. Many of them were of Flemish descent, indeed in catalogues of persons which I have found in the eastern counties, I have been struck with the frequency of distinct Teutonic names. They kept up a close intercourse with Flanders. They could not do much in the way of wool. Their produce was not deemed worthy of a price. But that from Suffolk is the cheapest in the kingdom, and probably the worst. But they exported their barley largely to the Low Countries, and received in return the hop, which they appear to have been the first to use, nearly a century before it became general in England, and recovered the art of making brick, which had been lost in England since the days of the Romans. This progressive skill, in which they outstripped the rest of the country, was due to special causes, and, in my judgment, it was due to their religion.

I have nowhere discovered, to my great regret, any assessment between 1503 and 1636, when the charge of ship money was imposed. Norfolk is now ranked as the twenty-fifth of the counties. It is seventh in 1641 and 1649, eighteenth in 1660, twelfth in 1672, nineteenth in 1695. But in the only two assessments which I have seen of towns, in 1641 and 1649, Norwich is the second

city of the kingdom. No doubt part of this change is due to the migration of its industries, as the revival at the time of the Parliamentary war is to the development of a new industry in the county. In the days of Lollardy it prospered greatly, but when, in spirit if not in name, the principles which Wiklif taught were accepted by the Anglican Church, and Wiklif was styled the morning star of the Reformation, the special prosperity of Norfolk had passed away. But, for a long time, a "weaver" was the familiar synonym for a heretic.

V.

DIPLOMACY AND TRADE.

Copiousness of diplomatic literature—The effect of the intercourse of nations—Fallacies about money, and its place in commerce—Exports and imports—How does a nation spend more than it earns—Proof of such a state of things—Early trade of England, the Hanseatic League—Trade with Flanders and elsewhere—Routes from the East—The discovery of the New World, the Cape Passage, and the conquest of Egypt by the Turks—Inherent errors in the Dutch trade—The Intercursus Magnus—Commercial treaties—1. That of Mr. Methuen. 2. That of Mr. Eden. 3. That of Mr. Cobden.

It will be obvious to you that I can treat this vast subject only in outline. There is very little printed literature which is more copious than that which deals with diplomacy and trade. The great work of Dumont proposes to give up to the middle of the eighteenth century, the various treaties, political and commercial, which have been negotiated between the different states of Europe. The numerous volumes of Rymer, historiographer to Charles II., are a selection from the public papers which are preserved in the national archives. But neither of these authors is as copious as Muratori, whose volumes are a repertory of the infinitely various relations which subsisted from time to time between the numerous Italian cities. The collection of Muratori is not only interesting to the student of modern history, but is valuable as it enshrines in it many scattered pieces of information about ancient commercial law, the most ancient and continuous of all law, for it is probable that this branch of international custom and comity reaches back to the time when the Rome

of the kings and the early republic made treaties with Carthage and the other colonies of Tyre.

The economical benefits of trade, and of that understanding between nations which leads to the exchange of products, which protects merchants and merchandize, and gives temporarily to the foreigner, under more or less easy conditions, the opportunities of commerce, are obvious and trite. The distribution of products to the greatest possible reciprocal advantage is the first and most enduring stimulant to trade. In all acts of exchange the buyer has the strongest inducement to get what he most needs, and in commerce both parties buy and both parties sell. Trade is again the most efficient instructor as to the natural benefits of soil, climate, and material, and it teaches this with the greatest rapidity and accuracy. The greatest service which unimpeded trade does to a community which has accepted it, is that it informs the people, who desire to exchange their products, what are the best kinds of material on which to exercise their industry, and develop that utility which is the sole end of economical labour. Hence it supplies the answer to the important problem—Has the industry in which a country is engaged been determined on in the most productive direction, does it produce the greatest possible results with the least possible expenditure of force? Hence it acts as a stimulant for the discovery of labour-saving instruments, and of cost-saving processes, for any waste is labour needlessly and unprofitably expended. It leads to the discovery of natural resources, as in this country coal, salt, and iron, the last two of which, before certain discoveries were made, were imported into this country. In the fifteenth century it was supposed that if the exportation of French salt was prohibited or even hindered, a most powerful instrument for checking English progress, or crippling England's domestic life, would be put into operation.

Trade, again, is an effective means for the development of international morality, for the sense of reciprocal benefit teaches the reality of reciprocal rights, and the recognition of rights in the people of a foreign country is obviously a means by which people are instructed in that sense of justice and the satisfaction of obligations which is the earliest, and, it would seem, the most difficult lesson of civilization. The difficulty there is in inculcating the force

of reciprocal obligations appears to me to be the reason why, in the early ages of jurisprudence, the law enforcing contracts has constantly been so severe, that in course of time the severity imperils the very foundations of society itself, and it becomes necessary to modify the ancient code by enacting a law of usury, in which relief is given to the debtor, and in modern times, by what is equivalent in its effects and virtually in its principle, a law of bankruptcy or a revision of contracts. The international morality which has been induced by trade in course of time develops that which is called international law, *i.e.*, international comity, the force of which is public opinion and the censure of other nations, an expedient by which, it may be hoped, as these forces become more effectual, war may become itself an anachronism. Perhaps in past times, the English people, by insisting on extravagant rights on the high seas, have been the greatest hindrance to the development of international comity; but of late years, and apparently from conviction, we ourselves have been among the foremost to suggest that the barbarisms of ancient warfare shall be discarded by international consent.

Few nations are so barbarous as not to recognize the importance of trade. But as that which they sell is by the very act of exchange that which they desire less than that which they receive, they are naturally most interested in exports. Another circumstance, however, has led to a further anxiety to increase exports, the motive of which is more obscure.

It is clear that to a person engaged in trade, the mere retention of money is not desirable. There is no reason to believe that by holding it he will gain an advantage, for by the very terms of its use as a means of exchange, it varies least of all in value within measureable time. Except, then, as it gives a sense of security against unforeseen emergencies, a risk, on the hypothesis that the trader is solvent, which is progressively diminished in civilized communities, to hoard is to lose. As the machinery of trade becomes more complicated or, to be more accurate, to be more nicely adjusted, movements of specie from country to country, or from merchant to merchant, become rarer, and the transmission of the precious metals ceases to be the business of the trader, for the function of adjusting the wants of the money market, either for internal circulation or for

the purpose of the foreign exchanges becomes the special office of the bullion dealer. This view of the entirely secondary functions of money in trade, and of its being to the dealer a mere temporary instrument to be got rid of as soon as possible in trade, if profit is to be made, was seen very early in the history of economic literature; for it is stated clearly enough in a treatise by Nicholas Oresme, Bishop of Lisieux, in the fourteenth century. Money is a convenient, the only convenient measure of exchange value; it has a temporary convenience in effecting certain exchanges, but the trader retains it in his possession for the shortest possible time. In brief, he takes it, only to get rid of it.

The case is entirely different with a government, particularly with a government in the time at which Oresme wrote. Here, and for the reason given above, as a reserve against unforeseen emergencies, the acquisition of money, the creation of a treasure, the value of a hoard, were instant and obvious. In the nature of things a government produces nothing, gets no profits. It may be in the highest degree necessary and useful, but in the nature of things, it exists only to spend. It knew, at least in the time of which I am writing, that the strongest power was that which had or could get most money. Centuries after Oresme, Louis XIV., when he was pressed by the reverses of unsuccessful war, consoled himself by saying, "After all, it is the last pistole that wins." In the sixteenth century, all Europe was aghast at the designs of Philip II. of Spain. He had the great mines of the New World, or at least levied a heavy tax on their produce. He seemed to be possessed of inexhaustible riches. He was baffled, beaten, made bankrupt by the Dutch, in whose country there was not an ounce of natural gold or silver, who got all their money by trade, except when they occasionally captured their enemy's treasure fleet, and were rapidly becoming the richest nation of Europe, when Philip had ruined Spain and brought down the Genoese traders, on his declaring himself bankrupt.

European governments interpreted the interests of their subjects by the view which they took of their own interests. Merchants knew then as they know now, that money has a temporary use only to the individual. But the government, seeing the permanent use of money to itself, strove to make it permanent in the community whose affairs they administered. So they devised the doctrine of

the balance of bargain, which Adam Smith afterwards called the mercantile system, insisted that in cash transaction with foreign merchants, there should be a balance payable to the English dealer, limited transactions in certain important English products to towns which they called staple towns, and appointed a great officer, whom they called the King's Exchanger, who should see in his own person, or by deputy, that this desirable balance was secured.

Of course they did not succeed. In the existing state of the police of the ports, they might as well have tried to keep in the wind, or to limit a falling shower to English soil. Bigger things than money are smuggled, and when the merchants knew that they could only carry their business on by getting rid of the money they had received, and the balance of bargain too, why they got rid of both. If the royal policy had been successful, there would have been a general rise of prices. There would have been more money in the country than was wanted, and to get rid of what they did not want, they would have had to give more of it for goods. But no rise of prices, on that I can speak confidently, ensued; the money flowed out to where it was wanted, like rivers to the sea, as Oresme said, and the King's Exchanger with his attendants was a mere cumber in the business of life.

But what no merchant would admit for himself, he affirmed for the whole country. The balance of trade, the balance of bargain, the mercantile system became a trouble for centuries, and when this country was fast becoming the first commercial centre of the world, honest people tortured themselves about the excess of imports over exports, said that England was going to ruin, and that we were all spending more than we were earning. I am afraid that the amount of exports were cooked, in order to comfort these worthy dreamers.

The exports of a country always pay for its imports. If they did not, the importing country would be contracting debts, and the debt would be taken in lieu of imports. It is always possible to discover whether a country is spending more than it pays for. If it does, it begins to export securities. A country may very wisely spend more than it pays for. It may very necessarily spend more than it pays for. But it must always pay for its imports in goods or securities, and there are plenty of people who can detect the opera-

tion when it takes place. But the operation is not always plain to the unpractised observer, and I am afraid that latterly, some persons, who know a little, have, for reasons of their own, practised on the ill-informed. When a country is not borrowing and has a fair share in the carrying trade, an honest return of the money value of goods exported and imported, always shows an excess in value of imports over exports. I am assuming, of course, that the trade is exclusively between country and country, and that there is no roundabout settlement through a third country.

The reason is obvious. In trade, we value what we receive at more than what we give, or there would be no profit. This is the case with every country. A Frenchman values English coals more than he does French wines, and the Englishman values French wines more than he does English coals. If each did not, there would be no trade; the Frenchman had better keep his wine, the Englishman his coals. Then the wine and the coals have to be carried. If the Englishman does both journeys, the value of the coals in France is more by the freight, the value of wine in England also more by the freight. In England, the coal is valued less the carriage, and the wine more the carriage, and what may be a very profitable transaction may seem to those who do not understand the figures a very losing transaction.

Now let us take a step further. Let us analyse what occurs every day. An English vessel takes cloth to Hamburgh, carries leather thence to Bordeaux, and takes wine to England. The only thing which appears in the exports and imports are the cloth and the wine. But the two articles bear the three freights, and, as far as they are concerned, the imports again seem ruinously above the exports. In the fifteenth century people understood the machinery of trade better than some do now, for they saw what the profit was which the English mercantile marine gained by the carrying trade, and in France especially wished to check it by a sharp Navigation Act. But the power of kings, and even of parliaments, is no match for the instincts of trade.

Under the ordinary conditions of trade, then, merchants do not find it to their interest to further the designs of Government in securing a treasure, or even an available surplus or over-supply of money. However honest the Government is in the management

of its mint, and very few European Governments have been even decently honest in this direction, but, on the contrary, most flagrantly dishonest, merchants will not keep more money than they want, will not sell, if they can help it, at a disadvantage, which, being put into the language of the custom house returns, will always make their imports exceed in value their exports. If they do not do so, they get no profits. There are to be sure persons when prices are low, and profits are low, who play on the credulity of those who do not understand the ordinary course of business, because they know that, if they could alter the course of English trade, they would for a time get higher prices and higher profits, and pay lower wages, but the dishonesty of their purpose is transparent.

The interpretation of trade is more difficult still when in a country like our own, an enormous and incredible mass of foreign and colonial securities is held by British investors. I am confidently assured, by those who know the facts well, that at least two thousand millions sterling of such securities are held in Great Britain, and ear-marked on the Stock Exchange. We in England hold all or nearly all the Colonial securities, the Indian Debt, and so large a mass of foreign debt, that no large purchase can be made of such foreign debt on any but the London Stock Exchange. Now interest must be paid on such liabilities, and of course, in accordance with the rule laid down before, the ordinary way in which such an amount of interest is paid, as is implied in the above-stated indebtedness, is by goods, the amount or value of which makes the aggregate of imports appear to be vastly in excess of the aggregate of exports. To ignorant persons these figures appear very alarming, and dishonest persons play on the alarms of the ignorant. In fact, the annual interest which the borrowers contract to pay is expressed in the currency of the United Kingdom, or in the currency of the borrowing state and community, and in theory such debtors are bound to pay in money. In practice, however, they pay in goods, generally in raw materials, or in articles which our climate will not allow to be produced, or not to be produced in so useful a form. Hence a country like our own, to whom other countries are largely indebted, always gets its raw materials, and some other articles, at the cheapest

rates possible, a great advantage to capitalist, labourer, and consumer.

There is one infallible test by which we may discover whether a country is spending more than it earns. It begins, as private individuals do, to contract debts, and the proof that it is contracting debt is given incontestably in the export of securities. It may be wise to contract debts, when, for example, a colony borrows money for the purpose of constructing beneficial railways at a rate of interest lower than that at which it can borrow at home. It may borrow of necessity, as when a country, which still has sufficient resources to meet the interest on its loans, is constrained by the charges of war, or any other expenditure on which the loan is wholly destroyed and consumed, to borrow from its neighbours. It may borrow foolishly, as when a country, not yet able to take advantage of its natural resources, borrows to construct railways, which will remain so long unproductive that it would have been better to have gone without them. When it borrows it exports securities and takes goods in exchange. In theory, the lender lends money; in fact, he lends manufactures, as rails, carriages, and similar products. If the country which borrows and takes goods puts a tax on the goods it takes, it has to pay a higher price for them; if the country which receives interest puts a heavy tax on the only articles in which the debtor country can pay, it may make such a country incapable of paying at all. Lastly, if a country wants to borrow, and will not take the goods of the lender at all, it must pay the interest in its own products, and at increasingly lower prices than it would have sold them at if it allowed trade to be more free. No doubt the debtor may repudiate, but that is fatal to his reputation as a borrower, for they who can lend never forgive a bankrupt state. But as long as he keeps good faith, the debtor is at the mercy of the creditor who can always elect how he will be paid. A state which holds many debts in its own hands has always a greater command over international money than a state which has few or none, and moreover is in debt to its neighbours.

I give you this sketch of international trade, of exports and imports, and their meaning, because some foolish or dishonest persons are trying to turn figures, which really prove the existence of a

profitable trade, into evidence that this country is declining, and should reverse its trade policy. It is very likely that such people are as uninfluential as they are shallow. It is, however, to the purpose to show that if we did reverse our policy, we should inflict incredible injuries on ourselves, as manufacturers and consumers, and should bring those who have lent their money to foreign countries, and especially to our colonies, within measurable distance of the risk of repudiation and the total loss of their property. People who try to keep our goods out of their market no doubt do us an injury, but they do themselves more. If we were to retaliate, and seek to exclude those materials in which alone they can pay their way, we might ruin them, we should certainly damage ourselves, and we should very probably give a shock to public credit which it would not recover for a century or more.

The earliest trade of England was with the Baltic and the Low Countries. For more than two centuries, and to a greater or less extent for three, England had important possessions on the southwest coast of France, from which she exported wine and salt, the former of which could not be produced in England to any advantage, and the latter, at the time, not nearly so cheaply and so well. The principal districts with which England traded in early times were the towns of the Hanseatic League, with the Flemish cities (then the principal region of textile manufactures, and the carriers of Eastern produce), and the duchy of Guienne.

The Hanseatic League was a combination of free cities on the shores of the Baltic and the German Ocean, who associated together for the purpose of defending commerce from marauders. It is probable that to their efforts Western Europe owes the extinction of that piracy on the ocean, and those piratical settlements on land, which were the scourge of Western Europe for centuries. It appears that for a time at least the seat of the administration, such as it was, of the Hanseatic League was Bergen, in Norway. Their treasury was said to have been at Wisby, in the isle of Gottland. A branch of the association was early and long settled in London, itself a principal member of the League, under the name of the alderman and merchants of the Steelyard, in a place near the Tower. It is to be regretted that the history of the League has not been

better written. The works of Werdenhagen, Mallet, Schlözer, and Lappenburg, are very poor productions.

Many charters, thirty-five have been collected, were granted to the Hanseatic League between 1235, when I have found the first, to 1567, the last. In 1578 Elizabeth abolished the League as far as England was concerned. Most of the cities were overpowered and absorbed by the rising monarchies of Northern and Eastern Europe, and at last the League was represented by Hamburg, Lubeck, and Bremen only. Their position as a trading association is most marked during the fifteenth century, during which twenty-one out of the charters above recorded were given. The character of the trade carried on by the Hanse towns with England is, I conclude, designated in that part of the "Libel of English Policy" which deals with what the author calls the *Danske* trade. It appears that England was supplied with furs, cloth, feathers, occasionally wheat and rye, iron, tar, glass, wax, and other products of a similar character. There was a time in which it seems that even the produce of the farthest East was conveyed by land carriage across Asia, through the Baltic towns; and that fragments of ancient porcelain found occasionally in the extreme West, are relics of trade which is now entirely extinct and forgotten.

The trade with the Flemings began early and was of the highest importance to England and the Low Countries till Flanders was ruined by the Spanish war and the Spanish Inquisition. The Flemish cities grew wealthy from the woollen and linen trade, from the former especially, the whole raw material of which came from England. Hence friendly relations with England were of the highest importance to Flanders, and the English monarchs, while they engaged in their attempt to conquer France for the Plantagenets, saw the necessity of having Flanders or its rulers as their ally. This fact explains the friendship of Edward III. with Arteveldt, of the alliance of Henry V. with the Duke of Burgundy, who had now, by marriages and usurpations, obtained nearly the whole of the Low Countries, the Yorkist alliance with Charles the Bold, and the *Intercursus Magnus* of Henry VII. The inheritance of the house of Burgundy has made what we now call Belgium the battle-ground of Western Europe, from the days of Philip the Second to those of the Continental war. Its commercial sig-

nificance has passed away, its political importance is still great, and it is believed to be in no small degree the key to the Western situation.

The woollen produce of Flanders, with the various kinds of silk-workers and linen manufacturers, were the occupation of most of its towns. It was so densely peopled, that, like Holland a century later, it was unable to support its own people from the produce of its soil, and imported large quantities of wheat and barley, the latter notably from the eastern counties of England. It was the mart of Eastern produce, which came to it by a route which I shall presently describe. Spices and foreign fruits were articles greatly in demand, and were purchased chiefly at Bruges. We shall see hereafter how this part of the Flemish trade was effectually destroyed. In Flanders, too, and especially in Antwerp, was carried on an active trade in bills of exchange, those instruments of credit by which, as was alleged, the wealth of England was poured by a thousand channels into the Papal treasury, and England was impoverished by spiritual tributes. During the whole of this period there were bickerings and occasional disputes, for the Flemings were turbulent by nature and by reason of their municipal privileges, and the rulers of England and Flanders frequently sacrificed commercial benefits to political jealousies and interests. As I have said, the trade between England and Guienne and its port of Bordeaux was chiefly in wine and salt, and these two articles were abundant and cheap as long as the political connection between England and Guienne lasted. As is well known, in 1450, France had recovered the whole of her seaboard from the English. It appears that the French king tried to introduce his fiscal system among the Gascons; it is known that they rebelled, that they were succoured by the English under Talbot, Earl of Shrewsbury, and that the Earl and his son were defeated and slain at the battle of Châtillon. With this victory, all the ancient possessions of the Plantagenet kings except Calais were lost. But long after all idea of attempting their recovery was given up, it was a common practice for the English sovereigns to stipulate for the free export of wine and salt from France.

The Baltic, the Flemish towns, and the French seaboard were the limits of English maritime enterprise up to near the end of the fifteenth century. But towards the close of this period the Spanish

kings of Aragon and Castile, now united, had achieved the conquest of all the Moorish Principalities in the South. Hence the English passed along the Portuguese and Spanish coast, and traded as far as the quay of Seville. They do not appear for some time to have entered the Mediterranean, still less to have ventured on exploring the regions which Henry of Portugal had visited. Hence there was some colour for the Bull of Borgia, under which all the world to the west of the Atlantic was bestowed upon Spain, all the east on Portugal. But the English penetrated to the north. The fishing grounds near Iceland had long been visited by the Yorkshire navigators. In the fifteenth century the Bristol merchants, trusting to the mariner's compass, reached the same goal through the Hebrides.

An Act of 32 Henry VIII. cap. 14, reciting an earlier Act of his father, attempts to regulate the trade of England with those parts of Europe where England had commercial relations. Even in early times its position was good. A debate between two heralds-at-arms, written in the fifteenth century and published lately by a French antiquarian society, confesses, on the part of the French patriot, that the mercantile marine of England was large and active, and allows that England has a great geographical position for trade with the Baltic provinces and South-western Europe, but charges the English with piracy on French, Spanish, Danish, and Scottish vessels, asserts that they wish to appropriate the trade of the world, dwells on the supreme importance of French products to English trade and consumption, and threatens the culprits with the penalties and police of a stringent Navigation Act. From internal evidence, it is plain that this treatise must have been written after the capture of Bordeaux in 1453, and before the death of Charles VI. in 1461. The admission as to the character of the English mercantile marine is, to my judgment, more trustworthy than the stories which are told about the maritime decay of England in the fifteenth century, and the gibes of the Flemings on the downfall of English supremacy on the seas.

The English attempted to reach Russia from the north, indeed, at that time, the sixteenth century, Russia had no accessible European port. One of the ships reached what was afterwards called Archangel in 1555, and the embassy had an interview with

Ivan the Terrible—1533—1584. It seemed that prosperous trade would be developed between Astrachan and Archangel. But after the death of Ivan, and the disturbed reign of his successor, came a period of confusion and revolution, and the enterprise of the English adventurers was arrested. It was not till after the middle of the sixteenth century that English vessels entered the Mediterranean. Even then for a long time the trade was capricious and disappointing. The Turk could destroy, but could not renew, still less create a trade. He has turned the fairest part of the earth's surface into a howling wilderness, and as long as he is permitted to exist, there is no hope of renovation. It is upon his exploits that the history of Central and Western Europe turns, that the old centres of trade were abandoned, or fell into decay, and that a new course was discovered in which the energy of the Western nations could enter.

The first definite or accurate information which we get as to the course of trade from the east to the west, is in the work of Sanuto the Venetian, in an address or remonstrance laid before one of the Avignon Popes, John XXI., in 1321, and published in a collection entitled *Secreta Fidelium Crucis*. How Sanuto can have imagined that any interest beyond his own would have been entertained by this most rapacious and sordid of the French Popes we are not told, but probably Pope John was to him only a channel through which he could advertise to the mercantile world what were the perils to which, in his opinion, the traffic to the East was nearing. Concerted action in Western Europe was hopeless. The experience of the Crusades had proved how frail a bond enthusiasm was, and the failure of Louis IX. might have assured the most sanguine of men, one would have thought, that the day was past in which armed intervention would revive foreign trade.

According to this author, the ancient depôt of Eastern, *i.e.*, of Indian produce was Bagdad, and it would seem that this view was confirmed by the evidence given in the writings of early travellers, and of romances, as long as Bagdad was under the rule of the Abassid Caliphs, and was practically the centre of Islam. But in course of time, Central Asia was overrun by divers barbarian hordes, and the routes of the caravans were interrupted. Two of these are known to Sanuto by memory. The one passed from Bagdad over

the plains of Mesopotamia and Syria to Licia, the ancient Seleucia, and the produce by this land route was purchased and distributed by the principal maritime cities of Italy—Venice, Genoa, Pisa, and Florence. It appears that this, the earliest and shortest route, was early attacked by the savages who crowded down into Central Asia from the Great Plateau, which lies between the eastern side of the Caspian and the Chinese Empire, irruptions of whom destroyed what remained of the ancient civilization in the great plains, and made all transit too dangerous to be possible. A second caravan route, also starting from Bagdad, followed the Tigris to its sources in Armenia and Azerbaijan, and going along the road which had been explored for the first time in history by the memorable Ten Thousand, reached the same point which they did at Trebizond or Trepezus. This was the more difficult, but the safer route, though perilous enough, and traversed conveniently only during the summer. But this route had also been interrupted, though while it lasted it was welcome to the Italian cities, and especially to Venice, who had several factories in the Black Sea.

Now Sanuto tells us that Eastern produce was collected at two ports in the great peninsula of its origin, which he calls Mahabar and Cambeth, and thence had generally been shipped to certain ports on the Persian Gulf and the river, the Tigris. A smaller portion was sent to Aden, for transit through Egypt. In consequence of the circumstances referred to above, Aden had become the only port, and the Egyptian the only route. From Aden he says there was a nine days' journey across the desert to Chus, as he calls it, on the Nile. Thence it went by the river for fifteen days to Babylon, a name which the mediæval writers gave to Cairo. From Cairo it went by canal to Alexandria, whence it was shipped to Europe, after being taxed up to a third of its value by the Sultan. The cost of the articles was greatly enhanced, and the quality greatly deteriorated by this mingled sea and land passage, and by frequent transshipments. Even under existing circumstances, some persons braved the perils of the old routes, and brought small parcels of these precious goods by the Asiatic road to the Mediterranean. If they escaped robbers their gain was great, for the articles were always in much better condition.

The spices of the East were exchanged at Alexandria for

European produce. The articles most in demand were the metals, among which Sanuto enumerates quicksilver, wood and pitch, coral and amber, and the shrewd Venetian gives the taxes levied on imports, $6\frac{2}{3}$ per cent. on gold, $4\frac{1}{2}$ to $3\frac{1}{2}$ on silver, and from 25 to 20 on other metals and other products. Egypt was not a country of varied products. It depended entirely on foreign countries for metals, for timber, and many familiar conveniences of life. The writer, therefore, concludes that if all commercial intercourse with Egypt were forbidden, and a sufficiently large navy could be collected in order to meet the possible effects of the Sultan's resentment, that potentate would be obliged to revise his tariff, and the old routes from Bagdad to Licia and Antioch might be revived.

The remonstrances of Sanuto were ineffectual, and the trade with the East was carried by the Egyptian route only. But it is clear from the fall in prices during the fifteenth century, that the Sultan must have seen that it was wise not to press too grievously on the trade which was so important to his dominions. Pepper, the most important and familiar of these Eastern condiments, was generally procurable at a low price during this century, and a local manufacture of sugar at Alexandria made this article so cheap, that at the beginning of the sixteenth century it was little more than an eighth of the price at which it stood at the beginning of the fifteenth.

Now stories as to the occupation of a wide and fertile region in the Far West, curious and novel products of which were cast by the great ocean wave, which we now know as the Gulf Stream, on the western coasts of the country, were rife. The voyages and discoveries of Henry of Portugal, more than a generation before, fired the imagination of mariners, and one of them, who was convinced that there was a western passage to the Indies, importuned every Court in Europe to supply him with the means of discovery. Unsuccessful with one after another, Columbus found a patron in Isabella of Castile, and discovered the New World in 1492. The Portuguese monarch was not much behind the Queen of Castile. In 1497, Vasco di Gama doubled the Cape, and the waterway to India was made out. In 1496 occurred the voyage of Sebastian Cabot from Bristol, and the discovery of Newfoundland. But for many a long day England left the field of enterprise to the Spaniard and the Portuguese. The

first Tudor king was too thrifty, the second too lavish for any real enterprise, and when the second was dead there was nothing left for a time on which enterprise could be founded.

The discoveries of Spain and Portugal were not undertaken a day too soon. At the beginning of the sixteenth century Selim, the most able and the most savage of the Turkish Sultans, overran Mesopotamia, got possession of the holy places, with the title of Caliph for his family and descendants, and in 1516 conquered Egypt at the battle of the Pyramids. Selim was the incarnation of all Turkish energy at its best, and all Turkish vices at their worst. The trade of Alexandria was destroyed, the route with the east broken, and the protracted impoverishment of the Nile valley commenced, an impoverishment which will never cease until the Turk is expelled from Egypt. The produce of the East, not yet procured in sufficient plenty by the long sea voyage, rose to famine prices, the Italian, the South German, and the Rhenish cities were impoverished, and for a long time the Flemish marts were deserted.

During the sixteenth century Spain was conquering kingdoms and collecting treasure in the New World, kingdoms to be depopulated and degraded as the Turk had done by the Old World, where he set his foot, treasures to be rapidly wasted in impossible projects. Portugal was engaged in planting factories, in extending its influence over some of the Spice Islands, and in conquering others, both nations acting under the authority of Borgia's Bull. In course of time England and Northern Europe generally revolted from the Pope, and the wars of religion began, and lasted near a century, from the revolt of the Netherlands to the peace of Westphalia. Slowly, and as soon as they felt strong enough for the enterprise, these northern people began to doubt the authority of Borgia's Bull.

If we call men by their proper names, Drake and his associates in enterprise or discovery were pirates, constantly and avowedly engaged in plundering the trade of a monarch with whom England was nominally at peace, but greatly at variance. I do not doubt the ultimate usefulness of Drake's career, but for a long time English rovers had a very bad reputation, and were actually of the character which the French herald-at-arms ascribed to the whole English nation more than a century before. The usefulness consisted perhaps in encouragement to English enterprise, and the proof of English

courage. It was probably of great military value and significance in the coming struggle with Spain, but the candid inquirer into men and acts is constrained to set down the exploits of Drake in the same class of transactions with those for which Captain Kidd and his comrades were hanged at Execution Dock, little more than a century after the naval hero of the Plymouth Hoe ended his career.

The charter of the East India Company was granted on the last day of the sixteenth century, December 31, 1600. The principal person among the new adventurers was Clifford, Earl of Cumberland, an old buccaneer, which was for a time the polite equivalent of a pirate. The practice of buccaneering, especially among the Spanish possessions in the New World, was long a favourite field of energy. Paterson, the reputed founder of the Bank of England, is sometimes said to have been a missionary in the Antilles, sometimes described as a pirate, and it has been suggested that he was probably both by turns. Long after Paterson, an English clergyman, who rose to be Archbishop of York, is said to have pursued the lucrative and invigorating calling of a buccaneer in his earlier days. So it was said of Archbishop Blackburn in his lifetime, and I never heard that this dignified prelate resented, much less refuted, this charge against him. The East India trade was tainted in its beginnings by the vices of those who followed it, and not a little of the trouble which the commerce of England incurred in the East, quarrels with the Dutch, high-handed proceedings at Amboyna, and the like, is to be explained by the lawless and piratical character of those who founded British commerce in the Eastern seas, and began the Eastern Empire.

The Dutch East India Company was founded in 1603, with a capital at least eight times as large as that of its English rival. Soon indeed the objects of the English company became different from those of the Dutch. The English strove to establish themselves on those parts of Hindostan which were not occupied by the Portuguese, from 1580 to 1640. Subjects of the Spanish crown, the Dutch sought to secure a monopoly of the spice islands, and particularly of those where the clove grew. Now such a policy included a good deal of costly fighting, and the Dutch merchant vessels were as much men-of-war as traders. There have been few objects on

which more blood has been shed than on the exclusive right to sell cloves. Two centuries and a half ago they were the most valued of spices, and according to the notions which people then had of trade, the action of the Dutch was thought to be consummately prudent and patriotic, though very irritating to other nations. But the objects of the Dutch in achieving their cardinal policy, to procure a monopoly of produce in the East, and a monopoly of markets in the West, loaded the Dutch East India Company with debt, and brought down in the ruin of that great trading corporation, another trading corporation, the great Bank of Amsterdam, which had been for more than a century and a half the commercial centre of the civilized world. The exposition of the situation and the exposure of the error are so easy, and the lesson drawn is so striking, that I am bound to explain it.

The object of a prudent trader is to keep prices up to profits, *i.e.*, to sell at such an advantage as will give him on his transactions the profit which he anticipated when he made his purchase or manufactured his goods. But the object of the prudent trader is likewise to enlarge his market, to increase the area or number of his customers, and to effect this he will sacrifice a portion of his possible profits, for he knows that if business is procured it is apt to prove permanent, and that it is better to have fifty transactions at 5 per cent. within the same time than to have five at 10, since the proportion between the two is as 250 to 50. In the competition of traders this practice is what modern experience has inculcated. But when the producer neglects to increase the number of his customers, and increases the expenses of production, he is on the road to ruin, and may be so without knowing it.

Now this last policy was that of the Dutch. They kept up prices and so limited consumption. They strained every nerve, exhausted their credit in the effort to keep by main force other traders out of the field, experience proving that the only way in which one can check competition is by lowering prices. In the expectation of getting one large profit on each transaction they succeeded in making a small profit or even a loss on their whole transactions put together, for it cost more to protect a designedly narrow trade than it would to establish and render permanent an intentionally wide one. In brief, they narrowed their market and so narrowed their profits.

The folly of the Dutch is the folly of many a tradesman, who, in order to get rapid profits out of high prices, discourages custom.

The late Mr. MacCulloch, whose opinions on economical subjects were never of much consequence, and are now of none, hazarded an opinion which could have easily been refuted from the figures which he used to collect and pretended to handle. It was that the low rate of interest in Holland was due to the heavy taxation of the country. But if taxes diminish the amount of loanable capital they cause the rate of interest to rise. If they stimulate in their expenditure new kinds of industry, they raise the interest on advances in other kinds of industry. Nothing is more familiar than the depression of existing stocks, in other words, the exaltation of the rate of interest, when new loans of large amount are brought out. That which lowers the rate of interest is the accumulation of savings at a faster rate than the opportunities of investment present themselves. Now this was precisely what happened in Holland. The Dutch were a very saving people, who deliberately, but through ignorance of the true principles of trade, narrowed the opportunity for the investment of Dutch capital. Hence the rate of interest in Holland sank to 2 per cent., and this at a time when the East India Company was borrowing desperately from the Bank of Amsterdam. I do not say that English merchants were wiser than Dutch traders were, but they did not get the opportunity for such extravagant blundering. What they would have done if they had got the Dutch monopoly it is idle to forecast.

There was no great struggle between England and Holland in India, though the two peoples have fought there. There was between England and France during the Seven Years' War, the most disastrous struggle in which France was ever engaged, according to the opinions then entertained. For all the wars in Europe, from the peace of Utrecht to the outbreak of the great Continental war, were waged on behalf of monopolies of commerce, or, to be more accurate, monopolies of market, for success meant the exclusion of the beaten nation from the markets now secured by the victorious rival. At the end of the Seven Years' War France was stripped of nearly every colony she possessed. At the beginning of it she was the rival of England in North America and in India. At the end of it she had scarce a foothold in either. In less than twenty years

after the Seven Years' War was over, England had lost her most important colonies, and people thought that her place among nations was gone. In the end the loss proved to her how unwise it is to make war in order to secure a monopoly of markets.

The Intercursus Magnus of 1496 is the first, and, on the whole, the most instructive type of these numerous commercial treaties which have been negotiated from that to recent times. Henry VII. had a political motive in it to check Yorkist intrigues in the Low Countries. He was shrewd enough to know that when you make it the interest of a nation to discourage foreign adventurers, who seek to make their asylum the home in which to hatch plots, you are more secure from such people than you will be if you disregard such a national interest. The first clause of this famous treaty conceded free trade, provided a license or passport was produced; the second allowed ships to be armed though engaged in trade; the third allowed a free fishery in waters claimed by the English. By the fourth clause no pirate or privateer was allowed access to the harbours of either nation; and by the fifth, refuge from storm or war was permitted to merchant vessels. By the sixth enemies' goods were prohibited access; and by the seventh the law of wreck was greatly improved. By the eighth Flemish merchants were permitted to reside in English, English in Flemish towns; and provision is made that the levy of customs should be made without damage to the goods liable. There was to be no compulsory sale of goods, and security might be given for debt by the tenth and eleventh clauses. By the twelfth the barbarous custom of reprisals is abandoned, and legal process substituted for it, with, of course, the assurance that the decisions would be respected. And, lastly, the trade in foreign bullion was declared free.

The liberality and wisdom of these agreements, many of them anticipating by nearly four centuries what civilized nations have professed to agree on as rules for future practice, are sufficiently surprising. They lasted unfortunately no longer than the agreement was itself of importance to the contracting parties. In less than a century the granddaughter of Henry, and the great-grandson of Maximilian were to be in bitterest feud, and every one of these principles was cast to the winds. But the Intercursus was a monument and a protest; a monument of monetary wisdom, and

a protest against the infinite barbarism with which the wars of religion threatened the world. It deserves the praise which the more enlightened men of that and succeeding ages bestowed on it.

I have mentioned more than once that the wars of the eighteenth century were mainly wars for the monopoly of markets. The treaties partook of the same nature, and the most significant and typical of them is the Methuen treaty, negotiated in 1703, between England and Portugal. In the great war of the Spanish succession, it was of importance to the allies to get the accession of Portugal, and there were reasons why the Kings of Portugal should take that side. In the first place, the dynasty was only sixty years old, and the result of a successful revolt from Spain on behalf of a pretender of doubtful legitimacy. We may be certain that the hereditary rights of the crown of Spain were not forgotten. In the next, it gave the guarantee of the allied powers to the Portuguese succession. In the next, it secured the Portuguese East Indies from Dutch aggression, possibly from Dutch intrigues, for Holland was profoundly interested in the war of the Spanish succession, since it involved the Dutch frontier. Now it was possible to found a treaty on the basis of reciprocal monopoly markets. England was to exclude French wine, and take Portuguese. Portugal was to give a free market to English woollens. But the discontent of those who had to give up claret and take to port found loud expression. It seems that the English Government imagined that by prohibiting French imports they would cripple French resources. So hereafter French wine was not found in the books of the customs. But in some way or other, it got to the cellars of the consumers. I would not deery patriotism, but I am convinced that it is not always superior to opportunities, especially when the opportunity is very obvious, and the patriotism is expensive and distasteful. The Methuen treaty remained a type of commercial diplomacy up to nearly the end of the eighteenth century.

After the close of the American War, a new form of commercial treaty was set on foot, that of reciprocal customs, and a clause under which the contracting parties were included under the most favoured nation advantages. Such a treaty was that negotiated by Mr. Eden between Great Britain and France in 1786. It was, to be sure, to

be of short duration, for its life was even briefer than that of the *Intercursus Magnus* near three centuries before. But it was eagerly accepted, and the fashion spread. A treaty of the same kind was set on foot between France and Russia, and soon afterwards between the United States and Prussia. In a short time Europe would have been armed with a network of treaties, and these, so fondly do people believe in the spread of humanity and civilization among statesmen and kings, were supposed to be a guarantee of international peace. But within eight years after Mr. Eden's labours, the French Revolution had broken forth. France precipitated herself on astonished and unprepared Europe, and statesmen and kings were tumbling about altogether.

The treaty of 1786 was the model of the treaty negotiated between France and Great Britain in 1861. This was carried out by my friend Mr. Cobden. Himself an advocate of free trade in its broadest sense, as the true economical interest of nations, and being entirely and most lucidly in the right in his convictions, he was not unwilling to accept a part of what he would have gladly claimed in its entirety. Nor was he discouraged by his natural distrust of the very singular person who went by the name of Napoleon III. He told me that he should have been, had he been a Frenchman, in constant opposition to that man's government. But he saw no reason why he should not, being an Englishman, avail himself of an authority which, as he believed, would do good to English and French trade, and assist English and French amity. Some persons, being doctrinaire free traders, objected to the negotiation of half truths. But until, all men being wise, every man sees how hollow and unsatisfactory political and social compromises are, compromises must be made. The sphere of the speculative economist is one which the practical man might envy, were not the practical man constrained to act. Men who have lived for years, as he lived, as I have lived, in an atmosphere of compromises, learn that such a necessity is rarely logically, perhaps rarely morally, justifiable. It seldom occurs to any one, even in a long public life, to assist in a final change, one from which there can be no progress, and can be no retrogression. I cannot say that the treaty of 1861 was the best arrangement conceivable, but I am convinced that it was the best arrangement possible. And though nine years afterwards came the

furious storm which swept the French emperor from the place which he had so grossly abused, I am sure that the treaty of 1861 had its place in lightening the enormous calamities which overtook France, calamities to which a less elastic nation might have succumbed, in which a less hopeful nation might have despaired.

VI.

THE CHARACTER OF EARLY TAXATION.

Turgot's canons of taxation—The first the most important—Adam Smith's word, "enjoy" under the protection of the State—The king's estate—The consent of the taxpayers always necessary—The growth of parliamentary power—Customs on a large scale impossible—Graduated income taxes—The assessment of Tandridge in 1600—The subsidy and its frequency in war times—Taxes on towns—Tallages—The income taxes of 1435 and 1450—The houses of Lancaster and York—Grants by the Commons, origin of the custom—The grants of 1453 and 1503—The growth of the Commons—Cecil's book of rates—The ship money.

THE history of English taxation in early times is totally unlike anything in modern experience. It was exceptional, not regular, was the hardest task which the monarch and his advisers could undergo, and frequently provoked the bitterest resentments and outbreaks. At the same time, the annals of parliamentary finance are full of the strangest precedents, of procedure which would be thought impossible now, of Acts which modern traditions would call violent invasions of property, of sacrifices willingly made by certain classes, which these classes have at least been long unused to, of expedients which, unluckily for the financier, have entirely passed away, as human societies have grown more alike, or as special advantages, once entirely local, have been diffused over the world. Of course, the economical principles which regulate or interpret taxation were the same then as now, and these principles should be before us.

The famous canons of taxation which Adam Smith borrowed from Turgot, are four in number. Taxation should be equal, on

which presently. It should be certain, not capricious; should be taken at a time when it is most conveniently paid; and should be collected as economically as possible. It is clear that the last three canons are only subordinate forms of the first. An uncertain tax is plainly unequal. If a tax is levied on A from which he cannot escape, and the same tax on B from which he can escape, it is uncertain or capricious. For example, a succession duty levied on the natural heirs of a man who is not rich, cannot be evaded, for the present owner cannot sacrifice as long as he lives his maintenance from his property. But a succession duty levied on a man who is very rich may be evaded, for he may make, and often does make, a *donatio inter vivos*, and may still leave ample means for his own wants. Again, a tax on property is always certain, a tax on incomes is always uncertain. Instances could be multiplied without taking one's examples from mere rapine, such as Adam Smith probably had before his mind when he framed his second canon. Of course where this kind of uncertainty prevails, society has degenerated into brigandage.

Again, inconvenient times of payment are an element of inequality. When in the old epoch of the customs duties, the full tax was paid on the imported article when it reached the port, and the article was, it may be of necessary, but of uncertain demand, the dealer had to recover his outlay on the tax, and the purchaser had to pay for the delay of the market. Without giving a decision here on the merits of indirect as opposed to direct taxation, it is obvious that to intervene the shortest possible time between the levy of the tax by the dealer, and its payment by the purchaser or consumer, is a benefit, and therefore its reverse is an injury. But injuries are always unequal. To make the taxpayer contribute more than a sufficient cost for collection is certain to be an inequality, for even the most righteous schemes of taxation will press more heavily on some individuals than others, and an expensive collection augments the burden.

If the last three canons of taxation are only illustrations of the first, it is obviously on the criticism of the first canon that a clear view of the subject can be obtained. But the language of Adam Smith, like the language of Turgot, is exceedingly, perhaps inevitably, ambiguous. It is the misfortune of political economy, a

misfortune which seems special to it, that no ordinary language supplies it with a sufficiently correct nomenclature, and that definitions of words, apparently plain enough, are essential in order to a true interpretation and conception of the ideas which they are intended to convey. Thus the four cardinal words in this science or philosophy—production, distribution, exchange, consumption—popular and obvious as they seem, require careful limitation, if one would obviate contradiction.

The words in Smith's canon are as follows: "The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." And Smith goes on to compare the place of the contributories to that of the joint tenants in a great estate, and I cannot but think obscures rather than explains his meaning. For it is plain that, if any of these tenants receives no more than is necessary for his bare maintenance, he cannot, without perishing, contribute anything. Now such a state of things, as I shall show when I come to deal with pauperism, has been artificially brought about in English economical history. It may be that in the distribution of the joint products, he has been violently or fraudulently deprived of a portion of that which is justly due to him, but it is clear that he cannot contribute.

It has always seemed to me that the critical word in the above canon is "enjoy." To have used the word "receive" would be open to the fatal objection which I have just referred to. You cannot tax what a man must spend without destroying his industry or him, and by "must spend," I mean the quantity which is absolutely essential to his labour or his life, and from which no deductions can be made. In order to be taxed, every one must have something beyond this bare margin. But what a person need not spend, he can save or enjoy. I should certainly prefer, instead of enjoy, to see the expression "can save" in the definition, for I am sure it would have relieved the ambiguity of the canon, and, which is more important, have made clear some important fallacies in the practice of finance, which one may despair of seeing corrected in practice, but which should be constantly exposed and refuted. Besides, a man may enjoy, in the mere physical sense, that which he is obliged to spend,

and, perhaps, the less he has which he must spend, the keener is his enjoyment in spending it. The bread of a labouring man is sweet, but it may be absolutely necessary for his life.

I have referred to these facts because they are of necessary relation to all systems of taxation, early and recent, though so great is the power of administrations in our time, and so slight is the check which can be put on them, that resentment at expenditure or anger at improvident taxation are not found to be checks, while gross and palpable unfairness in the imposition of taxes provokes little comment beyond impotent indignation. There is no tax so unfair as the English income tax. It adds to the sense of unfairness when one knows that half of it is imposed in order to relieve landowners of liabilities and expenditure without which their property would have no value at all, which, till recent times, have always been paid by them; while in the assessments of their own mansions to rates, income tax, and succession duty, they are most iniquitously exempt.

The aggregate of taxation, except that which is levied for local purposes, is considered, however appropriated, as a grant to the Crown. This is a tradition from the earliest times, when the grant to the king was supplementary to the ordinary revenue from the king's estate. For it is in the interpretation of what the king's estate was, that not a little of the social history of our forefathers is contained. It was because he did not live on his estate, and satisfy the high duties of his office from the proceeds of that estate, that discontent was openly expressed; that in many cases discontent grew into insurrection, and to the deposition of kings, so that the English, from their constant and loudly expressed dislike to this form of misgovernment, so unintelligible to foreigners, got the name of the disloyal nation. The feeling was not extinct till after the Revolution, when a check was put on William III.'s grants, and Davenant wrote on the doctrine of Resumptions.

The king's estate was the great mass of property, scattered over England, which went by the name of *terra regis*, of ancient demesne, an estate described and valued in Domesday. The English people, including Norman baron, franklin, and burgher, expected that, except in times of extraordinary pressure, this estate, with its numerous incidents, should suffice for the adequate maintenance of the king's

dignity, of his own forces or guards, unless their service was due by tenure, of his household, of his judges, of the officials connected with the exchequer, of, in short, the whole machinery of civil government. No doubt, because the clergy were the only literary or educated class, or at least nearly so, the officials were generally drawn from the clerical order, but as the king was the principal patron of benefices, and had a commanding influence in election to the higher dignities of the Church, the convenience of selecting officials from the clergy, and of rewarding them with preferment, was obvious and economical. Besides the profits of his estates, which the king cultivated by his bailiffs, just as the nobles and the corporations did, the king had divers other casual advantages, as aids, reliefs, escheats, and forfeitures—the character of which can easily be gathered from ordinary books on the practice of early English law. Besides this, the king had small customs on exports and imports, fee farm rents from the towns which were directly subordinated to him, and as soon as the courts of law were developed from the machinery of the exchequer, fees of courts, and fines on offenders. From this revenue the king was supposed to guarantee the peace, to protect the narrow seas, and to provide for such other charges as were the duties of his dignity.

But he expected and obtained, on extraordinary occasions, extraordinary or exceptional assistance from his people. He claimed, beyond the obligation imposed on all free men of serving in the militia at their own charges, the personal attendance of all his tenants in chivalry for a definite time, a service which was early commuted for a money payment when the service was foreign. This commutation, which is said to have been suggested by Becket, had most important results. The concession of it was the origin of that remarkable English army, which did such exploits on foreign militias in the fourteenth and fifteenth centuries, and was undoubtedly the reminiscence on which Cromwell founded and developed his New Model. It contained also, by implication and in course of time, the principle of parliamentary grants, for it is obvious, that if the king could at his will determine the occasions on which his tenants should ransom their personal service, he could speedily have been able to perpetuate a discretionary tax on all his subjects.

The king appears to have exercised this discretion without res-

traint on his own demesnes, and the towns which were in his own hand, or, in the language of the time, could tallage them. But even here it is plain that a limit had to be put on extortion; and that the patience of the burghers could not with safety be too sorely tried. It was part of the theory of that relation of ranks and classes, which is called still, for want of a better phrase, the feudal system, that while duties were reciprocal, dues were fixed. As soon as ever contemporary economic history can be constructed from contemporaneous documents, we find that all liabilities, from those of the serf to those of the noble, were fixed and definite; that they were registered in instruments which had authority, and could not safely be strained. The type of these enrolled liabilities was Domesday, from which we are told, in the laws of the time, the serfs of the last quarter of the fourteenth century deduced legal arguments in favour of their own freedom.

The duty of the dependant owner appears to have been practically unlimited in a case of great emergency. All the chroniclers of Richard I.'s reign bear testimony to the crushing weight which the country had to endure when the king was ransomed from his German captivity. Nor, throughout its history, did the people or the Parliament refuse to bear charges for vindicating the honour, enforcing the rights, maintaining the estates, or protecting the person of the king.

I have not space or inclination to go through those obscure hints which are given us as to the restraint of arbitrary taxation during the times of the early Plantagenet kings. They are collected and commented on, with more or less ingenuity and accuracy, by constitutional antiquaries, whose conclusions as to the meaning of the facts or hints which they find are derived from evidence of very various value. In my opinion the consent of the taxpayer to extraordinary grants had to be obtained at all times, and the framers of the Great Charter were not putting new limitations on the power of the Crown when they drew up the memorable clauses in that ancient instrument, but were simply affirming what was customary or notorious. I am satisfied and convinced that discretionary taxation by the king was utterly alien to the genius of such institutions as were established by the Teutonic settlers of Saxon England, and were merely changed in name by the Norman adventurers. I am

persuaded that a more or less formal appeal, but generally an effective appeal, was made to popular consent before and after the days of the Great Charters of John and Henry.

Of course the most characteristic and significant of these appeals was after the unlucky, the fatuous attempt to procure the kingdom of Sicily for Henry's second son, Edmond. This brings out what must have been the practice, the occasional convention of taxpayers through their proctors, representatives, or agents, for the purpose of making and assessing grants. Substituted service, guarantees, vicarious responsibility, were of the essence of early English social life. The principle of suretyship or transferred liability was present in every village. The jury of compurgators is one illustration, and of the most significant kind. The liability of a host for his stranger guests was another. The system of giving vicarious security for debts is a third. The old law of collective attornment is a fourth. The representative theory was at the bottom of much in village life, and must have been familiar. We may be sure that the early custom of appointing numerous assessors for the award of parliamentary grants was in succession from practices antecedent to the formal and regular summons of these assemblies, which in their particular form were characteristic of the constitutional history of England.

The experiment of Simon de Montfort, in 1258, has always appeared to me to be an attempt on the part of this remarkable man to commit by their proxies or representatives whatever English sympathizers he could get in support of his policy. He must have known that the alliance which he had formed was a rope of sand, united solely by indignation at existing discontents, and not entirely trustworthy for that. The dissent and revolt of those who were associated with him, and the rapid change in his position, from apparently overwhelming strength to hopeless weakness and defeat in detail, must have been in part anticipated by the shrewd and sagacious head of the Barons' War. It would have seemed that henceforward the very name of a representative assembly would have been odious to royal ears, and perhaps the period of over thirty years which elapsed between the summons of De Montfort's Parliament and the first recorded of Edward may be due to this dislike.

Edward was far too sagacious a person, however, to be affected by

names. He was engaged in a great project; one which, so far as part of his purposes is concerned, was frustrated—the complete subjugation of Wales and Scotland. The former he may be said to have effected, in the latter he failed. Of course his purpose was to annex Scotland south of the Tay, or perhaps east of the line now traversed by the Caledonian canal. It has always seemed to me that the frequency with which he styled himself, or allowed himself to be styled, Edward III. was intended to indicate that he conceived himself heir to the pretensions of the Anglo-Saxon kings. He saw that, in the great necessity which he had for extraordinary grants, that it was desirable that there should be a fair and searching assessment of taxable property when these grants were made, and that a formal assent, with a careful appointment of assessors, would obviate discontent. His plan was a novel one. The chattels of every one, free and serf, were assessed; generously, I am convinced, for I have compared valuations with actual prices, the record of these valuations existing in the public archives to a considerable extent, and when they are complete being a virtual register of lay householders. It was a subordinate, but not an unimportant part in the new system that the representatives were encouraged to present petitions, and to assent to the legislative designs of the sovereign. That Edward cared much less for the assent of his parliaments than he did for their usefulness as assessors is, to my mind, proved very conclusively by the expedient which he used to make the clergy submit to him, when they refused him grants and appealed to the Bull *Clericis laicos*, which they had procured from Boniface VIII. Never was victory more complete.

Nothing is more remarkable than the progress of the power which Parliament assumed between the first summons of the House of Commons in 1291, and the Statute of York thirty years later. But the result was inevitable. The occasions on which grants were demanded were criticised, petitions were presented, grievances were discussed, and redress claimed, and finally the statute to which I have referred, enacted that no valid Act of the legislature could be affirmed, except with the consent of the two Houses. The Statute of York was, to be sure, announced at the instance of the king, who wished to declare on authority that the sentence on the Dispensers was illegal. But the form was of great constitutional

importance, and its significance is suggested by the universal transcription of it in the legal handy-books of the period, several of which I have examined.

Now, by the necessity of things, nearly all ancient taxation was direct. It would have been impossible, had the trade of the country been far greater than it was, to have collected customs of any significant amount on exports and imports, even if the principle of the staple towns, on which I have something to say hereafter, had been recognized. Southern England, then the most settled and best cultivated part of the island, swarms with natural harbours; harbours safe and accessible to the light craft of the time. Any attempt to levy solid duties would have been defeated. Centuries after the time of the first Edward, when the population was at least double the number that it was at the end of the thirteenth century, it was admitted that heavy duties were impossible. In the arithmetic of the customs, said Swift, two and two do not make four. In the eighteenth century the costs of collecting indirect taxation in Scotland were in excess of the product collected, for every Scotchman who could smuggled or connived at smuggling. The relations of Dirk Hatteraick and Ellangowan in Scott's novel are historical, as most of Scott's pictures of local life during the times of his memory and his experience are. The pious and patriotic Scotchman, who identified the loss of claret with the loss of the Scottish Parliament, felt that the best way to denounce the "sad and sorrowful union," as well as the most agreeable and economical, was to defraud the revenue of Great Britain. I am half a Scot myself, and can realize the pleasure derived from the combination of patriotism and good business. In the nineteenth century, when the fiscal system of England was designed to protect and foster home industries, smuggling was an organization, with its own capital and its own warehouses—its operations being protected by the sympathy of the gentry and the farmers. I was brought up in a Hampshire village, which in my childhood was familiar with and shared in the successes of the contraband trade. A wiser system of finance in England has generally improved the smuggler off. But I very much doubt whether he is extinct in remote parts of the United Kingdom.

Now direct taxation is always irritating, and is always more

unequal than indirect. It exacts equal ransom from unequal means. Two persons with the same amount of property are unequally taxed, if the one has a wide margin over the necessary charges of his household and the other a narrow one. In modern England this unfairness is characteristic of all direct taxation. One man lays out £100,000 on a house, surrounds it with a park, and accumulates amenities about it. It is quite certain that under the Act of William IV., the assessment Act, he will neither in local taxation as an occupier, or in income tax as an owner, or in house duty as a householder, or in succession duty as a deviser, pay more than a quarter per cent. of its annual value to local and imperial taxation; while another man, who has laid out £1000 on his house, will have to pay in proportion twenty times as much on his occupancy and ownership. And then good easy people are astonished at socialist talk, and at projects for the appropriation of the unearned increment, and at doubts—freely enough expressed—as to whether the machinery of Parliament and the Constitution are not employed, under the well-known economical fact, that the laws which regulate the distribution of wealth are of human institution only—to make the rich richer, and the poor poorer.

To do them justice, our ancestors in England were free from these sordid and dishonest practices. They recognized that a graduated property tax was just and right, even in the Upper House; and they acted on the conviction, as I shall take occasion to show. In the poll tax which was levied in 1377, the Duke of Lancaster was rated at 520 times the payment of the peasant. In 1435 and 1450, a graduated income tax was levied at the rate of $2\frac{1}{2}$ per cent. on small incomes, of 10 per cent. on large. And the same principle regulated local taxation a century and a half later. In March, 1600—I am referring to the original MS. preserved in the Bodleian library (Rawlinson Papers, C. 642)—a committee of the inhabitants of Tandridge, in Surrey, a village near the borders of Kent, met to survey and assess the parish for a rate for the relief of the poor, for maimed soldiers, for the Surrey prisons and hospital, and for a composition in lieu of purveyance. The unit is a penny per acre, the acreage of the parish being returned at 2,391. Now the justices of the peace agree and rule that the rate should be paid only once a year by occupants under ten acres, not more than twice by

occupants under thirty acres, and that all further charges, if required, should be borne by those who have over thirty acres—in this case, fourteen occupiers out of fifty-five. But the magistrates add this significant clause: “Provided always that our intent and meaning is that those who, be owners and men of ability and have little occupying, shall be charged according to their ability by the justices’ discretion towards the relief of the poor, notwithstanding the said rates aforesaid.” It is a common practice with country gentlemen to demand that rich men with a small occupancy should be rated on their means. Let the country gentlemen begin with an honest rating of their own mansions and parks, as the country gentlemen of 1600 did.

The distrust felt at extraordinary grants was therefore very keen, when the proposal was made at a time of no particular emergency. Hence the public looked on royal favourites with great dislike, because they knew that the impoverishment of the Crown would be a plea for grants. This explains the disfavour with which, in Henry III.’s reign, the people, nobles, burghers, and peasants alike looked on the aggrandisement of his half-brothers and his wife’s relations by the king. There was mixed with this feeling a little of the dislike which Englishmen have felt to such foreigners as get a footing in England, and presume to meddle with its public business, either by the front or back stairs. So the English hated Gaveston and the Despensers in Edward II.’s time, though the latter belonged to the ranks of the Norman English. So in the days of Edward’s great-grandson the people rose against De Vere, and, later on, against the obscurer favourites which Richard honoured. The extreme favour which was shown to the Poles and Beauforts had a good deal to do with the feeling which led to the deposition of the house of Lancaster. The riches of the Seymours and the Dudleys roused even the Lollards of Norfolk against the Reformation, for they were collected from public plunder. Buckingham was the beginning of that political opposition to Charles, which ended with the tragedy of Whitehall; and I am convinced that if the second Charles had lived much longer, he would, like his brother, have been driven out of England. The gravest error in policy which William committed was his incomprehensible fondness—I speak the opinion of the time—for Bentinck and Keppel, and the enor

mous grants which were heaped on the former, making him, from the status of an inferior Dutch noble, one of the richest men in England. It was in order to give effect to the public feeling entertained about these scandals, that Davenant tried to revive the old doctrine of Resumptions.

The theory that the Crown could not be permitted to impoverish the king's estate was universally entertained through the Middle Ages, and far down into modern history. The statutory restraint, it is true, was enacted when the Crown had little left to give, and Parliament, by appropriating the civil list, and leaving the sovereign a moderate allowance for the privy purse, intended that it should give nothing. The principle of the Revolution was that the Crown should be, even for the private expenditure of the sovereign, entirely dependent on Parliament. This principle was formally abandoned in 1850; on which occasion Lord Brougham made a remarkable protest, in which the constitutional theory was very forcibly stated, and the inferences from a violation of it were very plainly predicted.

Edward I. saw very clearly that arbitrary taxation, even if it were possible, was less likely to be fruitful than taxation by consent. His maxim, it is said, was that what concerned all should be shared by all; and he certainly intended to tax all, for, as I have said, his taxing bills amount to a census of families. But when the grants were agreed to, there intervened that inveterate determination or custom of the English to grant only a fixed quantity and distribute it rateably. It is said that a subsidy, as the parliamentary grant came to be called, was originally £100,000. In Elizabeth's time it had sunk to £50,000 or less. The fact is, remissions were made, additions could not be made. Some of these remissions appear to be personal, for petitions were constantly made to the Crown praying for exemptions; the general answer to such petitions being, it appears, a reference to an inquisition, technically called *ad quod damnum*—the question being to what extent would the revenue of the Crown suffer by such a concession. In the fifteenth century, too, a custom grew up of remitting the operation of the subsidy in the case of certain towns or villages which, for a more or less permanent reason, were incapacitated from contributing. So it seems that the Universities of Oxford and Cam-

bridge, and the college sites therein, with the two ancient schools of Winchester and Eton, were exempt from the local assessment, though it does not appear that their estates were.

During the long wars of succession between England and France, continued, except in the reigns of Richard II. and Henry IV. for a hundred years, these parliamentary grants were incessant. Even during the reign of Henry IV., when there were only civil disturbances to deal with, the king was constantly appealing to Parliament for assistance, and was constantly constrained in consequence, to listen to very unwelcome counsel. Many of these are to be found in the rolls of Parliament. But for the fourteenth century, I am sure the rolls of Parliament are defective. There are parliaments, of whose proceedings no record is preserved. There are grants of taxes, for which no existing document gives authority. I have found them, however, among its items of expenditure duly entered in the bailiff's account, and such an entry is conclusive as to the fact, especially when the document adds that it was a grant to the king. The memory of the employer or lord was certainly to be trusted at the annual audit.

Now all these taxes were property taxes. The assessment was made by numerous commissioners, in order that the valuation might be taken at as simultaneous a time as possible. The farmer's stock and crops were not taxed, but what had been stored and was for sale became liable, his corn, for instance, and wool in the barn. The landowner's rent and value was taxed. The stock-in-trade of the dealer, never, I suspect, any great matter, was taxed, as were also the household goods of the poorest as well as the richest. It appears that personal apparel was not valued. I have examined many of these assessments, and I speak from memory, but confidently, when I say that the valuation was from 30 to 40 per cent. below the value of the goods appraised. It would have, I think, been dangerous to have exacted the tax from the full value.

The taxes levied on the towns were peculiar. They had been held in a certain sense to be the property of the king, or under his immediate lordship, or to have stood in the same relation to some secular or ecclesiastical chief. For example, the town of Oxford was under the Crown, the town of Bury was under the great Abbot

of St. Edmund. These personages granted charters, or confirmed privileges for a sum of money down, and for an annual rent or farm, which went by the name of the *firma burgi*, and was like other charges, fixed and unalterable. Hence the grant of the fee-farm rent of a town was a common benefaction of king or lord. The fee-farm rent of Oxford was in early times constituted a gift to the almshouses of St. Bartholomew in Cowley Marsh. Edward II. transferred it to Oriel College, with the lands and house of the bedesmen, on condition that the fellows should maintain these mendicants. The fee-farm rent of Scarborough was granted by Edward III. to the King's Hall of Cambridge, a foundation now fused into Trinity College as part of its endowment. And in the same way licenses to found guilds in towns, especially in London, were granted for a consideration. Privileges of all sorts, the right to manage their own affairs, to appoint their own judges, to be lords over their own manor, were bought, and often re-bought, on confirmation. One of our colleges here, Magdalene, paid a considerable sum on the accession of Henry VIII. for a renewal or confirmation of its charter. In short, there is no ancient right of special jurisprudence, or property, or license, which has not in time past, we may be sure, been paid for, the times considered, handsomely.

But beyond this annual, or occasional, or recurrent liability, the towns in early times were liable to what were called tallages. That the feudal superior had the power to claim a contribution from the towns dependent on him, as often as he pleased, or to what extent he pleased, is not to be believed, for it would be equivalent to the surrender of all the townfolks' goods. But that application was made for an exceptional but fixed contribution from time to time, which the town had some discretion in refusing or evading, is certain. At last, in an indirect way, at the conclusion of the thirteenth century, Edward formally renounced the claim of tallage, or was reputed to have done so, and though, I believe, antiquaries have found traces of the usage at a later time, the last attempt being in 1332, it became settled custom that such grants could be made by Parliament only. Ten years before, in 1322, the last scutage was levied. In point of fact the free will of the grantor was always a presumption, and sometimes a reality. Thus

in 1255 the Londoners refused to submit to a tallage, and though they afterwards yielded, the resistance had a serious meaning, as the king learnt at Lewes.

Just as in country districts, villages, hundreds, and shires, the assessment was made by commissioners appointed in the grant, who, as I have found occasionally, were bribed to show consideration to the contributories, so in towns the local authorities distributed the assessment or tallage. On the ground that this assessment was levied unfairly on the poorer citizens, Fitzozbert or Long Beard in Richard the First's reign appears to have headed a party and resisted the authorities. He lost his life. But, on the whole, I conceive that the taxation was equitable. I should have certainly found some record of dissatisfaction had it not been just, as I conclude from the almost total silence of the accounts up to the great change in the value of money, that the ancient right of purveyance and pre-emption was not used harshly and dishonestly by the king's officers.

The long war with France induced the king's officials to bethink themselves of other sources of revenue, besides the ordinary subsidies. But as I have already stated, unless the places of export and import were strictly defined, as they ultimately were by the staple towns, it was impossible to collect any certain or regular revenue from articles of merchandise. Hence the first efforts in the direction of taxation on purely English products were rather in the nature of the excise than a customs duty. Such, for example, was the tax of 40s. a sack on wool in 1297, and the levy of nearly 21,000 sacks in 1341, the proportion of which, down to quarters of pounds of the article, was distributed by Parliament over the several counties, and as I know from the records of estates on which no sheep were kept, was payable in money at a fixed rate per sack. Such were the poll taxes which began in 1377, and were continued till after the Revolution.

But after the establishment of Calais as the staple town for the sale of wool, or at least as the port of delivery, the financiers of the fifteenth century began to discover that this article could become a fruitful source of occasional revenue. The English people, and with reason, believed, on grounds which I have stated in an earlier lecture, that the foreign consumer would pay the tax,

Besides, they were under an impression, probably a premature impression, that the export duty would materially assist the home manufacture of woollen goods. Hence over and over again, during the second war of succession with France, taxes of 100 per cent. are laid on wool and wool-fells, and borne without difficulty, while it was soon found that exported hides would only bear a slight duty. The English had a practical monopoly of wool, but no such advantage in hides and leather.

In the same epoch, very remarkable income taxes are levied on those who possessed fixed sources of personal revenue, the legislature never dreaming of putting such a tax on precarious incomes. The first of these, as far as the rolls of Parliament instruct us, was in 1435. The immediate occasion of the impost is to provide for the king's debts, which had increased to an enormous amount (the king was about fourteen years old) and represent the plunder which went on during his minority. The tax was graduated, 6d. or $2\frac{1}{2}$ per cent. on incomes from fixed sources between £5 and £100 a year; 8d. or 3·33 per cent. on incomes between £100 and £400 a year, and 2s. or 10 per cent. on all incomes in excess of £400 a year. In 1450, when the French possessions were practically lost, another income tax was imposed in which the taxable unit was taken lower. Between 20s. and £20 of income, the rate is a $2\frac{1}{2}$ per cent.; between £20 and £200, 5 per cent.; and on all incomes above £200 a year, 10 per cent. In both cases, the excess of income over £400 and £200 is only chargeable to the higher rate. These taxes are not indeed without precedent. In 1382, the "landowners" put a tax on themselves only on the plea "of the poverty of the country;" and in 1404 a special tax of 5 per cent. was granted by the lords temporal, for themselves, their ladies, and others who had over 500 marks a year. In the reign of Henry VIII., income taxes levied on earnings were imposed. These were disappointing, for the taxes yielded less than a third of what was expected, and in the next year, when the tax was reimposed, it was even more unfruitful. I have found no further attempt to impose a general income tax till the time of the younger Pitt.

It is clear that the financiers of the fifteenth century consciously, but by a just instinct, had adopted that principle in practice, which

Turgot and Adam Smith formulated in the first of the received canons of taxation. There was an apology for Pitt's income tax, in the desperate straits to which this person was reduced in 1799. In his plan the tax of 10 per cent. was levied on incomes of £200 a year and upwards and varying rates on incomes below £200 up to £60. I cannot but think that he had in his mind Tresham's budget of 1450. Addington, who repealed Pitt's income tax during the short peace of Amiens, re-imposed it within a year, and did away with the graduated character of it. It was abolished impatiently at the end of the war, with ignorant impatience, as the financiers who liked the impost said. In 1842 it was reimposed by Peel, and as a condition to those fiscal reforms, which have in themselves enormously increased the revenue, and has continued ever since. At present, as I pointed out in a motion on direct taxation, which I carried by a substantial majority on March 23, 1886, nearly half the receipts of the income tax are appropriated to relieve landowners from the ancient and traditional liabilities which were chargeable directly or indirectly on their estates, the outlay on which is essential, in order that these estates should have any economical value whatever. The contribution of these taxes in relief of landowners is about as just as it would be to levy a tax from the public in order to manure or drain a landowner's fields.

Peel's plea for reimposing this detestable and intrinsically iniquitous tax, as formulated by Mr. Gladstone, was to the effect that the remission of taxation conceded in 1842 and onwards was a saving to the taxpayer, and should therefore be met with a corresponding sacrifice on the part of those whose spending income was increased by the remissions. But, in the first place, Peel's principal remissions, omitting a host of grotesque customs duties which produced next to nothing, were of excises on domestic manufactures—the effect of which was exceedingly injurious to workmen and employers, but the remission of which was an almost unappreciable benefit to consumers. Besides, the customs and excise on articles generally consumed was for a long time hardly reduced, was even heightened on some so-called luxuries, and the rapid increase of revenue, while it made up for all anticipated loss on the remission, is a sufficient answer to the plea on which the tax was imposed. To have permanently justified it, it was necessary

to show that it really was no bar to the increase of income, and there is cumulative and unfortunately increasing evidence that no such proof can be alleged. It is no doubt a particularly easy expedient in the hands of a stupid financier, who is able, without intelligence or even thought, to oppress with ease the most helpless class in the country, those who live on precarious incomes, and have no opportunity whatever, as traders have, of transferring the tax from themselves to others, their customers.

The house of York made application to Parliament for very few grants. The malignant sycophants, who wrote under the Tudor sovereigns, tried to blacken Edward's character, and shallow historians, who repeat commonplaces, have made Edward rapacious, sensual, and cruel. I can only say that the rolls of Parliament, during his reign, are full of petitions from Lancastrian nobles and gentry, praying for the removal of their attainders, and that the prayer is always granted, though not a few of these suppliants deserted and made war on him in 1470-1. It is true that he invented a new impost, and perhaps a disagreeable one, in the extension, I can hardly say the invention, of benevolences. No doubt, though these were nominally loans, they were virtually gifts, which the fashion of the age, and the fashion of two centuries later, did not make it sordid for the king and his ministers to follow. Benevolences were really special income taxes on wealthy persons, and the principle of them was exactly followed in the earliest poor laws, till it was found that free giving was less productive than compulsion. As I have said already, the fifteenth century was familiar with the principle of graduated property taxes. Richard III. abandoned the practice of benevolences. Henry VII. revived the practice, and by 11 Henry VII. cap. 10 made the promise a recoverable liability.

The origin of the custom, now part of settled constitutional usage, under which money grants originate in the House of Commons only, a practice which has been adopted in all civilized communities, even when the Upper House is elective, is exceedingly obscure. It was not finally settled in England till the time of the Pensionary Parliament, and then was the result of a drawn battle between the Lords and Commons, under which the Lords retained their appellate jurisdiction, and gave judgments which

excited the wonder and contempt of the lawyers, who refused to report, or be bound by these precedents, and the Commons were admitted *sub silentio* to have the sole right of originating and altering money bills, though the Lords, a very questionable usurpation, claimed the right of rejecting them. I will venture to put before you my interpretation of the custom. It seems to me to be the inevitable outcome of the constitution of the two Houses. It is almost needless to say that the circumstances do not apply to modern legislative assemblies, between which and the two English houses, there is only an external resemblance.

The old House of Lords, I speak of that which sat before the Reformation, and even for nearly a century after that event, was a very shifting and uncertain body. In theory, it was the king's council, his advisers, whose presence he could claim at his pleasure as their duty, whose absence or neglect he could and did construe as disaffection, or even rebellion. So intrinsic was this doctrine to the constitution of the Lords, that Henry VIII., who had his own reasons for compelling the attendances of all whom he wished to keep in hand, invented the system of proxies, which was originally a guarantee of each by some of his own order, temporal peers by temporal, spiritual by spiritual peers. Then the summons to sit was issued irregularly and capriciously. In the Plantagenet period, the composition of no two sessions is alike, and glad enough was a peer who escaped a writ of summons. The spiritual peers too far exceeded the possible temporal peers, and they were taxed in a different house, and on different principles. It was only till the time of Charles I. that the peers claimed a writ of summons as of right, or rather, in the cases of Arundel and Bristol, the liberation of two of their number from prison. Charles, who had no mind to quarrel with both houses at once, tacitly conceded their claim to a writ. Now in this assembly the king was always supposed to be present, and very often actually was. Could so incongruous, shifting, incompetent an assembly, where two-thirds of the sitting members could have no judgment in the taxing of laymen, and all would find the discussion of the king's necessities intolerable in his presence, undertake money bills? And if they did, with what colour could the consent of the taxpayer be alleged for their schemes?

The Commons, on the other hand, were from the first summoned to make grants. They were the delegates of the towns and counties who sent them, were instructed by their constituents before they went, were instructed by their constituents while they sat. As they were representative of their constituents, so their elected Speaker was representative of them. He it was who drew up the budgets, to use a modern phrase, and announced the grants. His address to the Crown on his election, in which he deprecates offence, and as the mouthpiece of the Commons, begs for the most favourable construction of his words and acts, is a ceremonial survival, now grotesque and out of place, of a period when those words meant a good deal. Besides they alone, who were commissioned to give or withhold, could make a binding promise. Of course, if the Lords resolved, of their own motion, to levy a tax on their own Order, as they did in 1404, who could say them nay? I imagine that even now, if the Lords resolved on paying a triple income tax, which is very unlikely, and paid it, which is still more improbable, the House of Commons would hardly interpose its constitutional veto. Grants originated in the House of Commons because it is inconceivable that they could have originated anywhere else. The confirmation of Parliament of grants by Convocation, and the admitted illegality of the grant without assent of Parliament, is, I am sure, a disguised usurpation, for which a very plausible but not very agreeable reason was found, though not always expressed.

There are two taxes of curious significance, exceedingly interesting for a reason which I shall give in my next lecture, but presenting features on which I may make a brief comment here, for I am dealing, as you will remember, with early taxation only. These are the special grant in 1453, never indeed paid for reasons which will be seen, and demanded under similar conditions which were never satisfied in 1472; and the special grant of 1503, which Henry was not likely to forego, and indeed was calculated with scrupulous anxiety, for he got, no doubt, to his great delight, a few pounds more than was given him.

In 1450, Guienne was lost, Cade's rebellion broke out, and the Parliament which was sitting at Coventry was dispersed in disorder. In 1452, it seemed that Guienne could be recovered, for the Gascons,

irritated at arbitrary taxation, had revolted, and old Shrewsbury was dispatched with a force to aid them. The Commons caught at the chance, and gave by vote a force of 20,000 archers (the king's advisers accepting 13,000 only) to be paid by a levy on each county, the contingent of each county being settled by Parliament, with wages of sixpence a day, the full day's pay of an artisan. The grant was made in vain, for, before it could be raised, Shrewsbury and his son were defeated and slain before Châtillon, and the war was suddenly at an end. This tax was to be levied on the supposed capacity of all the counties and some of the towns, all the counties except Chester being rated. In 1472, Edward had resolved to invade France, the protection and assistance given to Margaret being the plea, and Parliament renewed the grant of nineteen years before. Now this tax for the levy and support of an army was undoubtedly enforced on all the lay population.

The tax of 1503 was a still more marked departure from ancient usage. In this year Henry, who neglected no means of raising money, determined on reviving two ancient aids, those payable by feudal custom by all tenants in knight service on the occasion of the knighting of the king's eldest son, and the marriage of the king's eldest daughter. Margaret, to be sure, had been married to James IV., of Scotland, some time before, and Arthur was recently dead. No king's eldest son had been knighted during his father's lifetime since the time of the Black Prince, more than a century and a half ago, and Henry IV., whose eldest daughter married the Duke of Bavaria, made no claim on that occasion. But the bereaved father determined to console himself by taxing his subjects. Now the only persons liable to this aid were the military tenants. With the consent of Parliament it was imposed on all, tenants in chivalry, socagers, and copyholders alike, and the king who asked for £30,000, got £1,006 4s. 7d., more than was promised him.

With the growth of English trade the customs began to increase. They were treated, though an ancient source of royal revenue, as a parliamentary grant, and were always given for the sovereign's life in his first Parliament. Elizabeth put out a new book of rates, in which the percentages were levied on the new values or prices which characterized the greater part of her reign. The new book of rates which James put out at Cecil's instigation, or with his con-

nivance, varied the amount levied as well as readjusted them to prices. With this action began the quarrel, so well known to historians, which ended at Whitehall nearly forty years afterwards. It was a singular House, that of Cecil in the seventeenth century. The first Lord Salisbury instigated the war between king and Parliament; the next was a regicide in fact, for he sat in the Lords on the memorable 30th of January; the third was a Papist, and abetted some of the worst acts and purposes of James II., was committed to the Tower and only saved by the clemency of William, after the Revolution. The elder branch became and remained obscure.

Ship money was levied on all the counties for five years, beginning with 1636. The assessment was laboriously equitable, whatever may be said about the legality of the tax, about which I presume all historians, even those of the modern or apologetic school, are agreed. It is well known that the impost was due to a suggestion of Attorney-General Noy, who, fortunately for himself, a renegade and tool, died before the tax was actually put into operation. It is said that Noy discovered precedents in the Tower records. Of course maritime towns and counties were bound to the defence of the sea. The privileges of the Cinque Ports were based on this service. Mercantile vessels could be pressed for the service of war; Edward III. made such a requisition before the victory of Sluys and the invasion of France. But it was generally believed that the extension of the tax to the inland counties was an after-thought, for which no precedent could be alleged. But I have seen traces of the practice in the fourteenth century. I have found a few examples where estates in the inland counties have been taxed *pro warda maris*, and this impost can hardly be distinguished, except by the systematic adoption of it, from Noy's famous expedient.

The great struggle of 1642 had to be waged at first with the old finance. Parliament had from the beginning an enormous advantage. London, which had more than half of the available wealth of the country, that which could be drawn on for war, was resolutely and undisguisedly on the side of Parliament, and at first the supplies came almost exclusively from London. Against this, the plate of the malignants (the roundheads in derision called the proceeds thimble money) was of little avail. But for some time only the seven associated eastern counties were unreservedly on the side of

Parliament, though Charles could hardly be said to have had a single county unanimously on his side. The urgency of a new finance was manifest. The records of the war of independence in Holland supplied a precedent and a pretext, and from this repertory Parliament borrowed the excise. It was searching, general, and lucrative. The method consisted in levying a tax on the purchaser at the time of his buying any excisable article, and making the vendor responsible for collecting it. It was, in short, a wide octroi duty, levied at all times and places. The king and the Cavaliers denounced it as an unheard-of tyranny, and speedily adopted it themselves wherever they could collect it. It was denounced at the Restoration, and made hereditary in order to enable the great land-owners to emancipate their estates from feudal dues at the expense of the general public.

With the excise comes the epoch of modern finance. Some of the old expedients continued up to the Revolution and even after it. In one case the principle of the old taxation was continued. The land tax of our own day is paid on the valuation of near two centuries ago. But the equity of this valuation is very often adversely criticized, and a revision of it is frequently demanded.

VII.

THE DISTRIBUTION OF WEALTH IN ENGLAND AT DIFFERENT EPOCHS.

The importance of this subject in following the progress of the nation in wealth and population—Modern estimates of local wealth—Self-government in the village—The magnitude of the churches, and the true inference from the fact—The richest and poorest counties—Assessments in 1341, 1375, 1453, 1503—The wealth of Norfolk and Oxfordshire—The relative wealth of the towns—Assessments in the seventeenth century—The valuations of 1660 and 1672—The population of England and Wales—Homes and hearths in 1690—The progress of Northern England.

THERE is hardly any topic more interesting to the student of the economic history of England, than that of the distribution of its wealth at different epochs in its political and social life. There are indeed few questions which are more obscure, none in which positive information on which the student can rely is more scanty and broken. I have been engaged in the search after matter of this kind for a good deal over a quarter of a century, and though I can, in what I have collected, throw a considerable amount of light on certain epochs in history, there are long intervals of extreme obscurity, during which I have vainly sought in printed volumes and in manuscripts for the requisite evidence. For example, I have found nothing trustworthy on which I can depend during the long and eventful period which begins with the reign of Henry VIII. and concludes with the events which immediately preceded the civil war of 1642. I have a strong distaste, which I wish was more general among historians, for those vague declarations as to social conditions

which one reads of among contemporary historians, from monks like Matthew Paris, to historians like Clarendon, who were, after all, unable to supply one with any evidence on which to test their statements. Clarendon, for example, speaks of the growing economical prosperity which intervened during the eleven years in which all parliamentary action was suspended. I am convinced from the comparison which I have been able to make between wages, rents, and prices, that it was a period of excessive misery among the mass of the people and the tenants, a time in which a few might have become rich, while the many were crushed down into hopeless and almost permanent indigence, an age in which the sufferings of the English nation were greater than they ever were, except during the time of the great Continental war.

If we could arrive at precise information about the distribution of wealth in England at different epochs of history, we should be informed as to how those industries which make wealth are developed, and the extent to which homebred or imported intelligence was able to avail itself of the opportunities which the natural products of the country offered, of the advantages which the climate afforded, and of the skill with which the English people were able to utilize the results of their agriculture, and the wealth of their minerals. We should be able to define the localities of industry, and interpret the ease or difficulty with which manufactures spread from their first home into other parts of the island. We should know, in part at least, what were the hindrances to the development of what in our modern experience has been so abundantly exhibited, and should, for example, be able to learn what was the efficiency of government for internal police and for external defence; and in particular be able to trace the effects of legislation on the industry which it professedly strove to foster, and the material prosperity which it was certainly anxious to promote. And lastly, if we knew the distribution of wealth, we should be able to make a reasonable estimate as to the amount of population in England at different periods of its history, and even to conclude as to its distribution over the country. I shall indeed, in the course of this lecture, exhibit and comment on such evidence as I have been able to discover, and I shall, I trust, be able to show some substantial results on the topic which I have taken for this day's lecture.

Even at the present time, when statistical information is so abundant as to be overwhelming by its magnitude, it is by no means easy to expound the present distribution of wealth. We have decennial returns, from the commencement of the present century, of the population contained in the United Kingdom. But these returns, even when tabulated, are of little use in determining the relative prosperity or decay of particular districts. We should generally conclude, that if population is lessening in any locality, the relative importance of the district was declining, or if the number of the inhabitants was increasing, that its industrial activity was increasing also. But, unfortunately, even this test is an uncertain. Districts may have a congested, and thereupon an impoverished, population, where a diminishing return may imply a real progress. An increasing population may not necessarily imply an improving social condition, or the growth of a race which is to be successful in the economical competition of the world. Near our own shores we have had an experience of a race which grew in numbers indeed, but has sunk in misery; how caused, this is not the place or time to inquire. We may have population increase, and industry be arrested, or at least carried on under apparently unfavourable conditions. The investigation of such social and economical problems as are before us, even when the facts are, to all appearances supplied, is full of difficulty, full of controversy, is often made more obscure by prejudice and passion.

The two most trustworthy elements in the calculation of the question—in what manner is wealth distributed in England at present—are the rateable value of property, and the income tax returns when digested and formulated. But neither of these aids can be safely relied on. The principles on which property is rated are neither satisfactory nor uniform. The legislature has conferred all final authority in rating, even in the case of property in cities and towns on the county magistrates, and the grossest partiality has followed. Vast mansions are valued at a nominal yearly rent, on the plea that such mansions have little or no letting value, the test suggested by the Rating Act of William IV., and therefore these valuations, as far as they go, are no test. Then in some places, all property is valued at close upon its gross rental, and in some other places at much less than its gross rental. Some kinds of property

pay an indirect rent, because the lessor of the property has a monopoly of supply to it, and therefore can obtain a far greater profit from the occupant than his rent suggests. Such kinds of property again disturb one's estimates as to the distribution of wealth, because for rating purposes every effort is made to undervalue them.

Again, the income tax returns, when digested into the several counties, give us in modern times some idea as to how wealth is distributed in England. But setting aside the obvious anomalies of this impost, particularly those of the farmer's schedule, the return of income, if it be taxed at the place of receipt, when the place of receipt is not the same as that in which the income is earned, is misleading. A man derives a large profit from a factory, or from productive works in one county, and receives his profits in another. The distribution by counties gives an erroneous idea as to the distribution of productive industry. This ambiguity is heightened in the case of those localities where the spending class is more numerous than the productive class, as is the case with London and many other towns : still more markedly, where people who have ceased to be producers, or never have been, and are to a great extent, not even traders, but live on income. The population of Yorkshire or Lancashire probably represents a larger production of wealth than that of Middlesex or Surrey does, and yet in the interpretation of the problem before us, as to the distribution of wealth in England, appears to denote a lower average of industry than the district in which income accumulated from savings is spent. It is exceedingly difficult then, from the statistician's point of view, to decide from any figures set before one, how to interpret the distribution of English wealth, even in our own day.

The difficulty was less in antiquity, but, unfortunately, we are not in possession of information, except as I shall show inferentially. There is indeed one ancient document, not quite exhaustive, but for all, as far as it goes, copious and accurate, in which an account of English society is given from the point of view which I am at present considering. Domesday purports to give a complete statement, for the region which it surveys, of the property which it registers. It is intended to state with minuteness what were the resources of every lordship, parish, and manor, the owners and inhabitants, with

the civil status of all those whom it enumerates and describes. The survey is not only particular, but unique. I do not remember that its parallel exists in the archives of any country, and it was the first and last effort of the kind in England. It is the more interesting and remarkable, because it contrasts England at the end of the eleventh century, with England in the middle of the same century to the no small advantage of the latter, in what seemed to be the good old times, those of Edward the Confessor. But Domesday Book has never been analysed from the statistician's point of view, and especially from that before me, the distribution of wealth in England during those wild archaic times.

Of course, when the elements of society were far fewer, and the relations of the people to each other were far more direct, the solution of the problem would be, in the presence of the requisite information, far more easy than it is now. The circle in which the peasants and burghers lived was narrow. In his parish or manor the former was at home among his comrades, who lived under a system of reciprocal responsibility, and a sufficiently active administration of customary law. Everywhere else he was a stranger, except for his occasional participation in the action of the hundred and the County Court. There was on the boundaries of nearly every village a tract of no-man's land, sometimes a tract of great extent, in which landless men lived. The traditions of outlaws living in the forest and maintaining themselves by poaching and plunder, amenable if they were captured, to an infinitely more severe law than that which prevailed in the settled villages, and from whose depredations the villagers were secure, are not only presented to us in ballads, but in sober narratives. Such, for example, is the story told us by Matthew Paris of the robbers of Alton, in Hampshire, who carried on their depredations extensively on the tract of forest extending through the middle of Hampshire to Southampton,—raids Henry the Third found it no way easy to put down, in which many of his own household were associated. The road from Southampton was the principal highway by which French merchants transmitted their goods, and I think it highly probable that the ancient settlements on the Hampshire rivers, though they did not, and by their customary law could not, harbour the malefactors, were very indifferent to their doings.

Any one who has studied, even superficially, the records of Manor

Courts in the fourteenth century, when the ancient jurisdiction of the Court leet with its grand and petty jury was in full vigour, will see how effective and how full of reciprocal checks the system was. As the king appeared in his own courts of law by his deputy only, so the lord of the manor did not sit in judgment himself, but by his steward or seneschal. Before this personage, offenders were presented, for the steward could take no official notice of local offences, except the offender were presented. If the offence was very grave, and the court had the high jurisdiction a jury was empanelled to try the offence. I printed myself, many years ago, an example of a trial for a capital offence, in the manor of Holywell, the conviction of the offender, the sentence and its execution, as late as 1337. In this case the felon is described as a vagabond, and without chattels of his own. As he was caught red-hand in the commission of the theft for which he was executed, the injured party recovered his property. When the offence was proved, the steward settled the penalty, the fines being part of the lord's dues. Now if the official were too severe, the jurors of the village were discouraged from presenting offenders, and the lord's revenue suffered. If he were too lax, which was not likely, as he had, on his lord's behalf, a pecuniary interest in the penalties, the discipline of the manor suffered. On the whole, I believe that the justice of the old Manor Court was more effective and more satisfactory than that which superseded it, and in order to coerce the labourer in the matter of wages was made very effective, the justice room of the magistrate.

In these villages, as I have already stated, the principal employment of the people was agriculture. There were, I make no doubt, in nearly all villages, some persons who either added another calling to that of husbandman, though few, I think, were without land which they tilled. Such were especially the miller and the common carrier, the latter being frequently mentioned as well as the former in the record of manorial discipline, the former generally presented for abusing his position, the latter for negligence or fraud as a bailee. I take it, too, that the spinning-wheel was found in most homesteads high and low, and the hand-loom in many. The clothing of these rustics was, as a rule, homespun. This is manifest from the invariable assortment of wool into ordinary merchantable wool, and locks, the latter being sold at cheap rates for domestic

manufacture. In early times, too, it was customary for the husbandman to sow small plots of hemp and flax. In the reign of Henry VIII., when there seemed a likelihood of this kind of agriculture going out of fashion, it was enforced by penalties. But besides this domestic manufacture, spread it would seem over the whole island, there were special manufacturers of linen and woollen cloth. The original home of this was Norfolk, a county which had early, continuous, and close relations with Flanders. Not a few of these Flemings emigrated to Norfolk and settled there, the English kings encouraging them, in the view of their skill as weavers. The Norfolk weaving was carried on all over the county, in villages which grew into towns, though they never obtained the advantages of incorporation. Indeed it appears that the Norwich guilds exercised a sort of jurisdiction over all Norfolk weaving, wherever it was settled. I have no doubt that the settlement of the textile industries in Norfolk was due to the geographical position in which it stood to Flanders. It was not otherwise well suited to the weaving of woollen goods, for the climate is the driest of England, and successful woollen weaving needs a moist atmosphere and an equable temperature. But it is certain that the density of the population was, for the time, great in Norfolk. There is still a memory that towns like Aylsham and Cromer were far larger and more populous than they now are, that they owed their population to the weaving trade, and their waste to the ravages of the great plague of 1349. The great churches of Norfolk were often pointed to as a proof, in an ill-informed age, that population in mediæval England must have been far greater than was generally supposed. But, in fact, the church of the parish was, at least as far as the nave was concerned, the parish hall, where meetings were held, and often where valuable agricultural produce, such as wool, was stored. The idea that a church was a sacred place, in which after Divine service was over, no business was to be transacted, is not older than the movement which Laud instigated. Here in Oxford, St. Mary's Church was till the time of that prelate, the convocation house of the University, in which academical meetings were held, decrees conferred, lectures given, disputations carried on, and indeed all the secular business of the University was transacted.

The English midland counties, the eastern counties, and one of

the southern, Kent, were the richest parts of England. They contain the largest amount of natural pasture and of easily worked arable land. The western counties, the counties on the Welsh marches, and the northern were the poorest, and of these, as a rule, and invariably in the earlier times, Devon and Cornwall, Yorkshire, especially the North and West Ridings, and particularly Lancashire, Westmoreland, Northumberland, and Cumberland. They were naturally backward and remained backward, the poverty of the district being aggravated by the incessant wars on the Scottish, and for a while on the Welsh, border. It is true that York was a very considerable city, occasionally taking second rank after London. But the rest of England, north of the Humber, was backward, scantily peopled, and insecure. It contained rich and well-garrisoned monasteries, and fortified castles. But the towns were very small. Manchester and Liverpool were really no bigger than fair-sized villages. The West Riding of Yorkshire was little else besides barren moors on the hills, and sluggish morasses in the valleys. In order to check marauders, short and sharp justice was done, of which the Halifax Maiden is a specimen. The practices of those rude northern men were distasteful to their southern countrymen, for when, after Wakefield battle, Margaret, in the early part of the year 1461, led her army from the north into the South of England, she could not keep them from pillaging, and the excesses of these freebooters rapidly brought about the deposition of the house of Lancaster. As late as the end of the seventeenth century, it is said that the northern counties were overlightly taxed, under the new system of finance which the government of the Revolution, the war of English succession, the public debt, and the responsibility of Parliament made necessary.

The principal, perhaps the only, source from which one may gather information as to the distribution of wealth in England is the assessments which have been made of the several counties at different periods of English history, when Parliament accorded a special tax. Direct taxes, especially during war, and under the names of tenths and fifteenths were frequently granted. But the tax was a fixed quantity, which was not altered, except that sometimes a remission was granted to certain towns and villages which had suffered from some great calamity, or

had fallen into permanent decay. Hence, however accurate the first imposition of the tax was, and however just its original distribution, it is no more, as time goes on, significant of the condition of England from our present point of view, than the Land Tax of 1693, which has similarly remained unaltered, is of the distributed wealth of modern England. The occasions on which assessments are given, which do indicate such a distribution, are comparatively few; and after long search, continued for years, I have been unable to find a valuation for the latter part of the sixteenth and the first quarter of the seventeenth century, a period in which great economical changes occurred in England, in the dissolution of the monasteries and the consequent changes of tenure which followed, and in the influx of bullion from the New World. I have however found eleven assessments of the whole or nearly the whole country, the majority of them having been taken in the seventeenth century. What I have found are exceedingly suggestive. I will state in detail what were the circumstances under which the grant was conceded, and the assessment made.

In 1341, a few years before the Great Plague produced such serious effects on Europe, and in particular on England, our Edward III., who had formulated his claim to the French throne, against the house of Valois, applied to his parliament for an extraordinary grant, and Parliament granted him a subsidy in wool, distributing the tax up to quarters of pounds, over the several counties, two excepted, Durham and Chester, which were under a special administration. Four cities or towns are separately assessed, London, Newcastle-on-Tyne, Bristol, and York, and their quotas are in the order which I have given. From numerous entries in accounts of the time, I find that the payment was not necessarily made in kind, but was constantly paid in money, the roll of Parliament from which I have extracted my facts, being silent as to the value to be assigned to the sack. I have taken the average price of wool at the time, £4 the sack, and shown what was the sum of money under this hypothesis at which the counties are severally assessed. This enables me, taking the present average of the counties, to indicate how many acres in each county go to a pound sterling of taxation, and I have employed the same process in all the other assessments.

In 1375, when the Great Plague had induced all the social and

economical effects which were derived from it, when the machinery which Wiclif had devised was in full operation, and the peasants were perfecting that organization which was to exhibit its formidable power in the revolt of 1381; Edward, now sinking into premature decay, and having lost nearly all his conquests, and even his hereditary possessions in Guienne, appealed to his Parliament for an extraordinary grant. Parliament gave him a fixed sum of money, and, as before, assessed its contribution on every one of the counties, and on five cities and towns, London, Bristol, York, Kingston-on-Hill, and Bath.

In 1453, after the loss of all those English possessions in France, which had been gained by the second war of succession, the Gascons had revolted, and pledged themselves to restore the English king's authority in Aquitaine. The old Earl of Shrewsbury and his son were sent to assist them, and an appeal was then made to Parliament. The Commons determined on granting a considerable army of English archers, and send it to Talbot's assistance. They agreed to pay these archers sixpence a day for six months, and again distributed the number of archers among the English counties. On this occasion they assessed Durham, and ten cities or towns—London, York, Norwich, Bristol, Coventry, Newcastle-on-Tyne, Hull, Lincoln, Southampton, and Nottingham. The force was never raised, and the tax was never paid, for Talbot's expedition came to ruin almost before the grant was even made. Nineteen years later, the Commons made the same offer to Edward IV., but on conditions which also were never fulfilled.

In 1503 Henry VII. claimed from his Parliament the payment of the ancient aid for knighting his eldest son, and marrying his eldest daughter. This aid was really leviable only on the king's tenants-in-chief; but it had not been claimed for more than a century and a half, and I have not found that it was claimed after 1503, during the period in which this feudal liability continued. Henry claimed it from the whole nation, and a fourth assessment was made. On this occasion seventeen cities or towns were separately assessed—London, Bristol, York, Lincoln, Gloucester, Norwich, Shrewsbury, Oxford, Salisbury, Coventry, Hull, Canterbury, Southampton, Nottingham, Worcester, Southwark, and Bath. It is probable that in this assessment all the towns which were deemed considerable enough to be

specially rated were taken, and that in this list we practically have all the larger towns. On other occasions it seems that those only were assessed which were what is called counties of towns, that is, towns which had a considerable area of country included in their bounds, who had more extensive jurisdiction than other corporations possessed, and to whom the justices of assize had a special commission.

Now these four assessments taken before the Dissolution, and the fall in the value of money, indicate, during the space of 163 years, when considerable social changes had taken place, what was the relative wealth, according to the judgment of persons interested in acting fairly, of the several English counties and some few cities and towns. Of course it does not follow that the wealth of a county was materially lessened because it goes down in the list. It may be that the resources of some other county have been more extensively developed during the interval. Again there are occasional hints given us as to the falling off in the contingent which the several localities paid, due to temporary, perhaps to permanent, causes. I see no reason, then, why we should not entirely rely on these estimates, or doubt either the good faith or capacity of those who made the valuations. It will be expedient to deal generally with these assessments, and then to point out what particular or noteworthy facts there are in each.

Of course the assessment of Middlesex with London is greatly in excess of that imposed on any other county. Without London, Middlesex does not occupy a very high place, and London up to the middle of the sixteenth century was almost entirely confined within its ancient walls, where it had a considerable number of gardens and open spaces. Indeed, a very large part of the City estate of our day is derived from spaces now built over, of which the City authorities possessed the freehold; the most considerable space which the City possesses to the west of London having been a grant made to them for establishing reservoirs, which occupied the site which lies just west of St. James's Street. The population of London was certainly under 50,000 persons, but the people who lived in London, and carried on trade and manufactures there, were far more wealthy than the merchants and craftsmen of other cities. Without London, Middlesex ranges from the third to the ninth.

In the first assessment, Norfolk has the second place, and is separated by a considerable interval from the next county, which is that of Oxford. But in the second, third, and fourth Oxford is second, though the interval between the two counties is not considerable. Now, beyond question, the supremacy of Norfolk was due to her local manufactures, in which the county remained superior to any other English county during the period before me. Norfolk is not, agriculturally speaking, a rich county. In 1860, under Schedule A of the income tax it stood twenty-fifth out of thirty-seven counties, those, namely, which were valued under the assessment of 1341. In our day, its ancient industry has almost entirely migrated. At the same date Oxford was seventeenth, and if we exclude the two manufacturing and trading counties from the comparison, the seventh, and if we add Kent, which is greatly suburban, and not a little manufacturing and trading, sixth.

The explanation of the position occupied by Oxford is not difficult. In the first place, it had but little waste land within its area, compared with many other counties. In the next, it has a considerable amount of fertile arable land, some of its corn land being of remarkable excellence. But the true explanation of its early agricultural wealth is in the large amount of natural pasture it possesses in the northern and north-western part of the county from the city of Oxford onwards. Now pasture in the Middle Ages, and indeed down to the time when winter roots and artificial grasses were generally cultivated, bore a very high relative rent. In the period before us this rent was between eight and twelve to one compared with arable. There is no reason to believe that the hay crops produced in the wide stretches of pasture on the Upper Thames, the Evenlode, the Windrush, and other streams of North-west Oxfordshire were less five hundred years ago than they are now, and I can vouch for it, that the demand for pasture, in economical language, was far more urgent than it is in recent times. The next five counties are generally Bedford, Kent, Berks, Rutland, and Cambridge. But sometimes Kent falls out of the series, and the place is taken by Hunts.

In the first assessment Lancashire is the poorest English county, afterwards Cumberland occupies that place, and Lancashire gets up only above it and Northumberland, The assessment of the West

Riding of York is also very low. The valuation of Oxfordshire is about ten times as high, acre for acre, as the three poor counties are, and its assessment is nearly double that of the whole West Riding of York, rather more than half the area of the whole of that great county. The low assessment of Stafford shows how little the mineral resources of that county were known in early times. Devonshire, too, is one of the poorest counties. The centres of modern English opulence were then wild barren regions, inhabited by a rude race. The Mersey was a silent estuary, the Irwell a mountain stream. The hills and valleys of the West Riding, now active with a thousand industries, had a little trade in cloth at Bradford and Leeds, and a rude manufacture of steel weapons at Sheffield. For the greater part of that which is produced there now, and travels over the known world, the England of the fourteenth and fifteenth centuries depended on the Baltic provinces, Flanders, and Spain.

In 1341, the contribution of London to the wool tax was less than a fourth of that at which Norfolk was assessed. In 1453 it contributed more than Norfolk to the charge of the archers. But in the first half of the fifteenth century the city of London made remarkable progress. The "Libel of English Policy" is proof as to how its trade had grown, the relics, still surviving from the Great Fire, of the City Companies' archives show how considerable had become, relatively speaking, the wealth of the London traders. Most of these people had, it is true, risen from comparative poverty to wealth. But Walworth and Whittington in the fourteenth, the Chicheles and Canynys in the fifteenth, are illustrations of the rapidity with which successful trade earned wealth in those early times. In 1453 the contribution of London is three times that of Oxfordshire. In 1503 the contingent of Oxfordshire is nearly twice as much as that of London. But in this year great part of London was burned to the ground, a fact which shows why the falling off took place and that the assessment was equitable. London and Norfolk, too, were very severely visited by the sweating sickness. Bristol was the third city in 1341, the second in 1375, the fourth in 1453, and the second again in 1503, while Norwich falls from the third place in 1453 to the sixth in 1503. In the last year Gloucester is the fifth in order, But there is no doubt that these ports of the Avon and Severn were

early and actively engaged in the traffic with Spain and Portugal, if they did not venture on following up Cabot's discoveries of 1497, he having sailed from Bristol. But it should be remembered that the cloth and linen manufacture was of the county, and not of the city.

Between 1503 and 1636 I have been unable to find a single assessment. I greatly regret the lack of information, and I despair of any discovery in future. Now the facts which would have to be considered with the assessments, were any such forthcoming, are the dissolution of the monasteries, the decay of the towns, the stint of agriculture, the extension of sheep farming, the growth of the native woollen manufacture, the debasement and degradation of the currency, the wars of religion, the prostration of Flanders, the immigration of the Flemish weavers, and the rise and consolidation of the Dutch Republic. In the later part of the time occurs the most disastrous epoch of the Thirty Years' War, and the utter impoverishment of Germany. Now some of these foreign and domestic events are admitted to have greatly affected the distribution of wealth in England, and all must have done so, though no information is given us. Among local events, the insurrection of Ket in Norfolk had, we are told, the most disastrous effects on that county's prosperity, though I believe that already it had been discovered that the eastern counties were not, by reason of their climate, the best district in England in which to produce textile fabrics. Even in the fifteenth century cloth-weaving on a considerable scale was pursued in small towns and villages. Fastolfe bought cloth for years together for his soldiers at Castle Combe, Dorset. Bishop Fitzjames, warden of Merton at the end of the century, bought for his fellows and himself at Norton Mandeville in Essex.

The ship money valuation of 1636 was said to have been studiously equitable, and to have been made the basis of similar assessments in later times. Charles and his advisers were not willing to add injustice to illegality, though it must be admitted that some of the assessments were not a little puzzling. Norfolk, which, 133 years earlier, had occupied the third place, was sunk to the twenty-fifth; Oxford, which was formerly second to Middlesex, is now seventeenth. Cambridge, which was always among the first eight, is now twenty-third. The first eight are now Middlesex, Herts, Beds,

Bucks, Northhants, Berks, Leicester, and Hunts, of which only three were in the first rank before; Middlesex increasing rather than diminishing its contingent. The reason is to be found, I believe, in the departure of manufactures from Norfolk, and owing to the exalted price of wheat, the great importance of arable farming over pasture. The poorest county is Cumberland, then Lancashire, then Westmoreland, next Durham with Northumberland. Middlesex is assessed in amount at 141 times per acre more than Cumberland, and nearly as much over Lancashire.

The next assessment is the distribution of £400,000 over the counties and towns of England and Wales (no Welsh town is separately assessed) for the purpose of suppressing the Irish rebellion. The vote is taken in 1641. I do not pretend to account for the extraordinary items in this assessment. Devon is, it seems, most unfairly treated, being rated in the sixth place among the contributory counties. Norfolk, which five years before was the twenty-fifth, is now the sixth; Kent, formerly the fourteenth, is here the fourth; Suffolk, previously tenth, is now third; and Surrey, once eighteenth, is now second. On the other hand, Rutland goes from the eleventh place to the twenty-fourth; North Hants, from the fifth to the twenty-sixth; Leicester, from the seventh to the twenty-eighth. The poorer counties remain in nearly the same order, only Lancashire rises from the thirty-ninth to the thirty-fifth place. I cannot but think that this was a hasty, and therefore a capricious, assessment. I do not think it was designedly unfair, for Parliament put heavy burdens on some of the counties which were strongly on their side.

Similar to this is the assessment of March 25, 1649. This was a levy of £90,000 a month for six months, for the purpose of paying the forces. It was admitted to be the best valuation which could be made under the circumstances, but that it should last for six months only during which time a searching and careful valuation would be made. This removes some of the inequalities of the assessment made eight years before. Devon is put in the twelfth place; Essex raised from the ninth to the fourth; Cambridge, from the tenth to the sixth; Surrey, from the second to the tenth; Sussex goes from the twenty-third to the ninth place. This last change is due, I think, to the fact, that at this time the Sussex iron

works were at the height of their activity and prosperity. But the furnaces soon exhausted the wood, and though iron was manufactured in the county up to the beginning of the eighteenth century, the industry was a declining one.

On December 25, 1649, Parliament published its new assessment. This, as I have said, was taken with great care, and appears to have been generally followed in 1672. In this assessment Suffolk still holds the second place, though its assessment is a little more than a tenth of that put upon Middlesex, the third place being that of Surrey. The other five are Herts, Kent, Essex, Bedford, and Rutland. It appears that, partly owing to the fact that the eastern and home counties were not adversely affected by the war, which was now practically over, partly because the relations between England and the Continent, especially Holland, were for a time increasingly with the eastern counties; partly because there was a revival of the woollen industry in Essex, Eastern England was found to have greater resources than before. Norfolk is ninth, and is followed by Cambridge. But Sussex sinks from the third to the twenty-fourth place. It should be added that the difference of assessment per acre is very slight in the first fifteen after Middlesex. The relation of the poorer counties suffers scarcely any change. Altogether the valuation appears to be scrupulously fair. The towns under this new valuation are in the following order—London, Norwich, Southwark, a proof that London wealth was flowing into Surrey, Bristol, Gloucester (the trade of the Severn towns was growing), Coventry, Chester, Southampton, Hull, Haverfordwest, Newcastle-on-Tyne, and Poole. The Northumbrian town had suffered severely during the occupation of the Scots. For a time its coal trade was almost suspended.

In 1657 an assessment of £6,000 a month was levied on Scotland, £9,000 a month on Ireland, these countries being added to England by the Act of 1654, and being entitled to send representatives to Westminster. Every burgh in Scotland is assessed; from Edinburgh at £334 12s. a month to New Galloway with 10s. In Ireland only one city, Dublin, is separately assessed. If this assessment be a just one, which there is no reason to doubt, Dublin was the second city in the British Islands. It is rated at more than twice the amount at which Edinburgh is put, and Edinburgh is

more than three times as wealthy as Dundee, the second Scottish town, Glasgow being the third.

On Nov. 8, 1660, Parliament recognized the impossibility of reviving the old feudal liabilities, but they were in a difficulty as to how to provide for the deficiency in the royal revenue. No one seems to have been struck with the obvious equity of distributing the reputed income of the Crown from these sources, £100,000, over the estates which were liable to it. At last, as is well known, landlords emancipated their estates by the hereditary excise, *i.e.*, at the cost of consumers in towns, for the excise only applied to the public brewer. In the interval, however, they projected a plan of distributing it over all real estate in the form of a land tax, and made a valuation which was levied on the ship money assessment, and indeed was almost a reproduction of that project. But the scheme was dropped, because it was manifest that they whose estates had never been liable to the impost, *viz.*, the socagers and copyholders, would not tamely submit to what at that time would have been a tax of about 4 $\frac{3}{4}$ d. in the pound, and it was not expedient at that crisis to make any representatives of the landed interest, even those who had collected their estates by the fortune of war in Oliver's time, dissatisfied with the Restoration. There was a great deal of cautious steering to be done in the four years which followed the re-establishment of monarchy, and, as we all know, Clarendon was sacrificed because he was prudent, and Charles was selfish.

Though the assessment of 1660 is professedly founded on that of 1636, it differs from it in some important particulars, and therefore seems to be almost an independent valuation. The second county is Suffolk, as in 1649; the third is Bedfordshire, the fourth Kent, the next Hertfordshire, the sixth Essex, the seventh Rutland, the eighth Sussex. But of these Kent is fourteenth in 1636, Essex fifteenth, Rutland eleventh, Sussex twenty-ninth. Between the second and seventh, there is not to be seen a very marked difference; or, at least, not one which is serious, in short, it is about the difference between the second and seventh in 1636, close upon 20 per cent. The contingent of Middlesex is again not quite so high as in previous valuations. Perhaps it was felt too absurd to rate the City of London strictly to a feudal obligation.

In 1672, by vote of February 4th, a million and a quarter was

granted to Charles to assist him in the utterly unprovoked and nefarious war which he waged on the Dutch. After he had got the grant, he stole the goldsmith's money. The tax, in accordance with the tradition of the Commonwealth period, was raised by monthly contributions on the counties, including Durham and Cheshire, and on nine cities and towns. In this assessment, Middlesex, apart from London, is the largest contributor in proportion to its acreage, a proof that London had spread far beyond the City walls. Next comes Suffolk, but Surrey is close upon it. The next five are Herts, Kent, Bedford, Essex, and Somerset. Middlesex, apart from London, is assessed at three times the amount per acre of the nearest county. The contribution of the City of London, despite the plague and the fire, is considerably above any other county, for the contingent of Yorkshire, the largest in area, though in the rate per acre it is near the bottom, is £1,600 less than that of London. Bristol is now the second city in the kingdom, for it has got possession of the plantation trade, but Norwich is not far behind it. Exeter, Worcester, Gloucester, Haverfordwest, Lichfield, and Poole are also separately assessed.

Here again there are considerable changes. Surrey is third, the place it had in 1649. Somerset, which was fourteenth in 1649, is eighth now, a change which is, I make no doubt, due to the spread of the cloth industry in the west, and especially in this county. Essex was sixth, and now seventh, being but little behind the county which precedes it. The baize industry had become an important manufacture at Colchester. Norfolk occupies the twelfth instead of the ninth place. Generally, however, it seems that the advantages which were secured for the eastern counties by the fact that they hardly suffered in the civil wars still remain. The associated counties still remain the most wealthy. The poorer counties, as far as the assessment goes, are very little changed, but Wales is getting relatively poorer, or which is the same thing, the other counties are gradually making head. Though their place is nearly the same the contribution of the poorest among them is increasing.

These facts are brought out still more plainly in the last assessment which I have to deal, that of the 4s. in the pound land tax, as granted by Parliament. This was to produce nearly two millions, of which Middlesex and London contributed nearly a

sixth. This tax, though granted by the authority of Parliament, was not assessed by the commissioners appointed in Parliament, and the distribution of the sum was left to the local authorities. It is therefore said, and with some colour for the statement, that those who favoured the Revolution put their contribution at a true valuation, those who affected Jacobite and nonjuring sympathies put theirs at a low estimate. The tax was unaltered in amount till, nearly a hundred years after its first imposition, it was made perpetual by the younger Pitt, and the basis of a financial operation. In the original return the cities and towns are included in the schedule printed in Pitt's Act, for the valuations are given *in extenso*, and I remember that the valuation of the city of Oxford, then strongly Whiggish was, in comparison with other towns, remarkably high; and that of the colleges, which were undoubtedly Jacobite, though not markedly nonjuring, as this manner of expressing their convictions would have involved pecuniary losses, was as markedly low. The university and colleges of this ancient city have been very faithful to reactionary principles, and perfectly willing to profit by their occasional ascendancy, but they have been exceedingly unwilling to make any sacrifice on behalf of them, when such principles have been under a cloud. When there were hopes that the Stuarts would be restored, half the beneficiaries, ecclesiastical and academical, were in correspondence with St. Germain, but they took every oath required by the usurping powers, satisfied their consciences, and kept their preferments. Atterbury and Jane, Smalridge and the rest, were no doubt anxious not to deprive the local world of letters of their presence.

In the assessment of 1693 Surrey takes the second place, and at a considerable interval above Hertford, the third. Oxford, which was rated fifteenth in 1672, is eighth in 1693. Bucks is the fourth, Bedford the fifth, Berks the sixth, and Essex the seventh. Somerset has gone from the eighth place to the thirteenth, Kent from the fifth to the ninth. Suffolk was second in 1672, and is tenth now. Other changes, equally startling, are to be found, and a survey of the facts suggests that the old charge of partiality is made out. On the whole, however, there is a greater approach to equal rating. The discrepancy between the proportion to the acre in the midland and southern counties is not so marked. Salop, for instance, is thirty-

second, York thirty-third. But the rate per acre in Suffolk is not double that of Shropshire, and not treble that of York. In 1672 the contribution of York, then thirty-second, is a good deal less than a third of the Suffolk tax by the acre.

Many years ago I stated it as my opinion, and gave my reasons, that the population of England and Wales, from the beginning of recorded economical history to the end of the sixteenth century, was never in excess of two and a half millions, and was often less. At the end of the seventeenth century it was from five to five and a half millions. I will proceed to point out to you how these figures are arrived at.

Every logician and every economist will allow that if you arrive, from different premises or data, at the same conclusion, it is cumulative testimony, and the probability of your conclusion being correct is as high as any evidence of fact can make it. Now I arrived at my conclusion as to the population of England and Wales during this long period by three processes. The first was derived from the rate of production. The average production of wheat from cultivated land was eight bushels an acre, and I came to the conclusion that the possible average wheat-growing acreage of the country was three millions. Now I knew that a quarter of wheat every year for every person, especially at a time when other vegetable products fit for human food were unknown, was a fair allowance. Then deducting one-sixth for seed, I got my two and a half millions, as the maximum population, with a high probability, as the allowance for seed is rather short, that two and a quarter is the more correct figure. Next I took the figures in the poll tax of 1377. The tax-paying population can be calculated at a little above one and a half millions. Now adding a third for the children, for the tax is exigible on persons above fourteen only, and making a liberal allowance for ecclesiastics and mendicants, no less than a little over 162,000, they being also exempt, you again get two and a half millions. In the third place, I compared an actual census of a certain district in Kent, taken in the sixteenth century, with the census of the same district in 1861 and found that it was almost exactly a sixth of the later number. The district contained no large towns then and contains none now. Again, I found that one-sixth of the population of 1861 gave me, by comparison with the total population of England, exactly the same

result for the whole, viz., two and a half millions. I was a good deal criticised when I made my calculations by the first method. But long experience has taught me that no time is so entirely lost as that consumed in controversy with disputants who have no facts, but only convictions.

Now at the end of the seventeenth century there are similar kinds of indirect evidence to guide us. The wheat-growing area is extended, for the price was very high, so high as to stimulate agricultural production to the utmost. The produce is now said to be thirteen bushels, but it was no longer exclusively the food of the people, for rye, barley, and oats were occasionally substituted for it. I inferred that, making proper deductions for seed, the soil would, though with an inferior diet, maintain five millions. Next, we have a return under the hearth tax of the number of houses and hearths in the several English counties and in Wales, in 1690. Allowing a little more than four to a family this gives a little over five millions. An estimate of the various religious sects gives under five and a quarter millions. And in recent times a calculation by an actuary of the possible population, from baptisms, marriages, and burials, gives under five and a quarter millions. Here, again, the evidence is cumulative, and I think conclusive.

Two other facts may be briefly commented on in conclusion. I have referred to the hearth books of 1690. This return gave the number of houses in each county and the number of hearths in each county; for certain houses, rented at no more than 20s. a year, were exempt from the tax. Now the most sparsely-peopled counties are, as might be expected, Westmoreland and Cumberland; the most densely Middlesex and Surrey. In the first two the acreage to each house is 70·55 and 63·66 acres. In Middlesex and Surrey the same analysis gives 1·319 acres and 11·79 acres. It is easy to see, then, why Middlesex yielded so much to taxation on an assessment of property. But I was exceedingly struck when I worked out the figures at the comparative density of the northern population as far as houses go, and the meanness of the buildings as far as hearths go. The population of Durham and Northumberland, taking the facts of the acres to the house, is denser than that of Dorset, Lincolnshire, Sussex, and Hampshire; the proportion of hearths to the house is a good deal less than that of any other county. There are

more houses in Lancashire, taking the same proportion, than in Berkshire, Cambridge, Cheshire, Derby, Devon, Essex, Hunts, Notts, Rutland, and several others. And the same facts are visible with certain other northern counties, though in all it is plain that the standard of comfort was much lower. For instance, there are twice as many hearths to a house in Devon and Dorset than there are in Durham.

The growth of population must have therefore been most rapid in the north during the seventeenth century. Two causes contributed to this: the pacification of the Scottish border and the growth of textile industries in the north, if indeed one can separate the causes. On the latter of these I shall have to comment in a later lecture.

The other point to which I may make a very brief reference—for this, too, will be the subject of another lecture—is the incidence of the poor rate in the several counties at the end of Charles II.'s reign. A return of this impost is given by contemporary writers. Of course it is highest to the acreage in Middlesex, being nearly £1 to every three acres. It is high in the old manufacturing county of Norfolk. It is high in some of those counties which had most peace during the civil war. But it is disproportionately low in the northern counties, and in those which lie on the line of the Parliamentary conflict with Charles I. I conclude that much of the population during the troubles migrated to the more peaceful and settled districts. There is no doubt that the inhabitants of the north were more penurious, more habituated to low wages, and to a lower standard of living, more given to bye-industries. It was no doubt in order to check this migration that the law of parochial settlement was enacted. In course of time the exigencies of a growing manufacture led to the practical repeal of this law of settlement in the manufacturing districts, and the growing industries of the north relieved, a century later, the congested population of those southern counties which were now falling behind in the distribution of wealth and population.

VIII.

THE HISTORY OF AGRICULTURAL RENTS IN ENGLAND.

The discussion as to the origin of rent—The “indestructible qualities” of the soil—Selden and tithes—Interest, wages, and rent—The landowners and labour in history—Civilization and government—Early agriculture in England—The rent of meadow-land—Rentals—The landlord’s duties—The New College (Oxford) house property in the fifteenth century—Landlord cultivation and its effects—Competition rents, late in coming—The law of distress, competitive and famine rents—The seventeenth century rents—Bye-industries—The landowners of the eighteenth century—Arthur Young’s comments—Lord Lovell’s agriculture—The rise of rents—Wool and stock prices—The colleges of Oxford and Cambridge.

NOTHING has exercised the ingenuity of economists more than the analysis of rent has. The position of rent and its relation to industry and taxation were problems which occupied the attention of the physiocrats; of the teachers (in so far as he was taught by any one) of our Adam Smith, and very curious and wild conclusions were arrived at by some of those excellent thinkers. Smith gave his own account of rent, and a slip which he made in his analysis, under the circumstances a somewhat pardonable one for a man who lived in the days of corn laws and bounties, that rent enters into the price of commodities instead of being a product of them, and of another exceedingly important factor, which the critics unaccountably overlooked, was duly commented on. The theory of Smith was amended by Ricardo, and his definition of the origin and increment of rent received, for very sufficient reasons, a most thankful acceptance. The merits of Ricardo in making or announcing his discovery were challenged

by MacCulloch, who divided the original honours between a Mr. West and a Mr. Anderson and, with excusable patriotism, claimed priority for the Scotchman. The doctrine of Ricardo, with many riders, such as the law of diminishing returns, the margin of cultivation, the land that pays no rent, and the like, has been accepted, and forms the staple of most dissertations on political economy. I am constrained to conclude that there is little credit to be got for the reputed discovery; that it is partly a truism, partly a fallacy, and that its acceptance as a sufficient analysis of rent is one of the peculiar hindrances which obstruct the way when we have to solve a present difficulty of no common magnitude. British agriculture has fallen during the last eight years on evil days. Its decline, and with it the decline of the home trade, is a most formidable fact. Its restoration, in some form or other, is a matter of urgent interest. But nothing tends to retard that restoration more than false notions as to the nature of rent.

In dealing with this controversy, and in dealing with it in my own way, under the light of economical history, but with constant reference to the demonstrable, almost axiomatic, principles of economic science, I can claim some special advantages. I am the only person who has examined rents historically. I have studied the history of the same estates in some cases for more than six centuries, estates the "indestructible powers" of which, to use Ricardo's expression, have not varied during that long period, the rents of which, however, compared with any other value, which is measurable by money, have been subjected to considerable, to astonishing changes. I can state, with perfect certainty, what this land produced in corn six centuries ago, and I can also state what it produced at different periods between that remote starting-point and the present time. I know that while the value of its corn produce has risen in money units or symbols about eight times since my investigation began, the rent, in the same units or symbols has risen eighty times. I may believe a great deal in "the indestructible powers of the soil," though I should be very credulous if I held that the fertility of any soil was indestructible, as I think every practical agriculturist would be, too. But I am sure that something else is wanting besides these powers to account for so striking an elevation. I find, too, that while so remarkable

a price has been paid for the license of using arable land, nothing near so disproportionate a rise of price is discernible in the rent of of natural pasture, which never has been, and never could be, under arable crops, and which therefore approaches the indestructible more nearly than any land which is under the plough. I shall try in the course of this lecture to point out the circumstances which have brought about the change. Mr. Henry George has accepted Ricardo's theory, and inferred from it to the confiscation of all rent by the State. I repudiate Ricardo's theory, and dissent from Mr. George's conclusions, for reasons which I hope to give hereafter. But it is not a little remarkable that a theory which assigns a providential origin of rent should be pressed into the service of the theorist who wishes to annul it; while the inference which I draw from the facts of the case, and in which I give the historical events which have developed it, is that it would be not only a blunder and an injustice, but an amazing folly, to accept Mr. George's conclusion. There is a parallel to my position. The clergy in the time of James I., perhaps some of the clergy in the days of Victoria, believed in the Divine origin of tithes. Selden believed that the origin was human, and proved his point. The clergy were very angry, and got Selden put into prison for his pains, a contingency which is not entirely remote, if one presses too strongly the truly conventional origin of rent in our day. But when, a few years afterwards, the Divine right of the clergy was repudiated for a time, and the tithes seemed likely to go with the Divine right, the clergy gladly embraced the inferior title which Selden proved was theirs. The moral can be easily gathered. I am no more an enemy of rent than I am of any other natural result. But I decline to give it a transcendental authority or to imagine that, like every other part of the theory which economists call the distribution of wealth, it is other than a human institution, recognized because, within proper limits and under intelligible conditions, it has a human utility.

Economists are perfectly correct in saying that the common product of capital, labour, and land is distributed among the three several agents or partners as interest, wages, and rent. By wages I mean, as I have previously explained, the labour of the capitalist as well as the labour of the workman, for no logical distinction

can be drawn between the wages of superintendence and the wages of manual labour; for both to be effective, imply what physiologists call nervous and muscular waste. The order in which the distribution is effected is that labour is paid first. The payment of labour is essential to industrial life, and both interest and capital will be lost if the necessary claims of labour are not met, while rent could not accrue. In this partnership, the economist says, except these abide in the ship you cannot be saved. Labour paid, I do not say satisfied, interest is paid, and this being presumably a contract quantity, little need be said about it. Last comes rent. In common language, interest on capital appears to be paid first. That it is not is proved by the fact that no one would be silly enough to lend on a security which brings in no revenue, unless it was clear that the advent of the revenue is very near. For the sake of brevity, I will call interest A, wages B, and rent C; and I must remind you that the laws which govern the distribution of wealth are mainly of human institution.

It is a common-place in practical politics that they who own the land of a country make its laws. The statement, of course, is at best a strong tendency. In a country like our own, where tradition and habit, to say nothing of positive institutions, have long deferred to the judgment of landowners, the common-place has been, till recently, an admitted verity. There are symptoms that the sentiment is losing its force, but no one who has the smallest knowledge of social history in England can doubt that it was once overwhelmingly strong. Now it is in human nature that when, in the distribution of wealth, human institutions accord extraordinary authority to the recipients of rent, they will use their advantages to the full, and be indignant with those who dispute the justice of these advantages. I will venture on illustrating my position from my own case. I have very strong opinions on the relations of landlord and tenant in Ireland, and have expressed them, I trust with moderation, before a more august assembly than that which is hearing me to-day. But I will candidly own that, if I possessed a reputed £30,000 a year in Irish rents, I should find it exceedingly hard to reconcile my opinions with my interests. In the absence of passion and self-interest, says the English moralist, men are disposed to be just towards each other.

In the course of English economical history C has striven, and with no little success, to use the force of law in order to better himself at the expense of B. In a former lecture I gave you an elaborate, almost an exhaustive, account of the various labour statutes. These were attempts to make the laws of human institution available for an unequal distribution of wealth. I shall have to point out in the course of this lecture how contemporary writers accuse C of extending the same operation over B in another capacity, *i.e.*, as a tenant farmer. I should exhaust the time at my disposal if I were to show you how C has contrived to mulct B all round, especially in local taxation and in the transference of local taxation to imperial taxes. I shall have to show you how, during the seventeenth century, when C was very much in the ascendency, he did a good many things which have been very severely criticised since, and that I have discovered other practices of his with the same object. He did not, for the reasons which I have given, that interest is a contract price, succeed quite so well with A. But usury laws and the equity of redemption in a mortgage, when it is foreclosed by non-payment of interest, are illustrations of the same inclinations. It was because he noticed such facts as these that Adam Smith called rent a tax, and because he saw that the avowed object of many laws existing in his time was to raise the rent of land through the machinery of prices, that he considered, and not without colour of reason, that rent entered into prices.

A country is not civilized or safe unless it accepts and obeys a central administration, whose first business it is to aggregate all the force which is necessary for the protection of society from external and internal foes. England for a long time after the Conquest needed such a central authority. In their efforts to consolidate France, the French kings were always thwarted by their nobles and aided by their other subjects. Even the American Republic finds itself constrained to strengthen the Federal administration at the expense of State rights. But there is always a danger that the forces of government, the action of Parliaments, the power of law, may be made more injurious to a community than foreign and domestic foes are. Ancient civilization was wholly destroyed by the administration of the Roman Republic

and Empire. Bad Governments ruined Spain; bad Governments nearly ruined Italy. It may be well feared that even now many European Governments are doing the work of Frankenstein, creating monsters whom they cannot control. The reason has been that Governments have used their powers, which they call the Constitution, not as a public trust, to be faithfully executed for the public good, but as agents for their own gain. We in England have had copious and continuous experience of this breach of trust. The people of Ireland have had no other experience. The historian of social life, who knows that effects do not cease when the causes are removed, is therefore engaged in seeking out past causes for present distresses, and may be seem to shallow persons to be needlessly indignant with bygone misdeeds, and to be unduly alarmed, when he urges that you cannot trust human nature to legislate from the point of view of its own interests.

Now the capital fact in the history of rent is that agriculture, however rude the industry may be, can always produce more than is necessary for the husbandman's maintenance and that of his family. I find that in early English agriculture, as in modern, a workman to twenty acres is a liberal allowance of labour. Give the labourer five persons to his family, and assign a third of the land to the supply of human food, the other two-thirds to fodder and the maintenance of cattle, and let the produce be a quarter to an acre, and he will grow seven quarters of food for the consumption of five persons. But five quarters are sufficient for them. The remaining two over and above will supply seed and rent. I leave out, for the sake of simplicity, the same set of facts for the remaining two-thirds. Now, historically, it was on this overplus that the ancient lord laid his hands, and called it rent, and Adam Smith was again justified in calling rent a tax.

An ideal state of society is one in which there is no rent at all, in which land is so fertile and so abundant in its produce that the price which the produce commands would be only sufficient to pay interest, recoup outlay and secure wages. Rent is of no interest whatever to any one but the landowner. If it were extinguished by natural causes, no one but he need lament. But this state of things never exists. If the ownership of land remains in private hands, and it would be an evil time should it cease to be in private

hands, the inexorable law which limits profits to an average on the calling would develop rent. On the hypothesis that capital and skill are ready for agriculture, people will pay for an agricultural advantage which secures profits above the average. Even if agricultural land were indefinite in quantity and indefinite in fertility, some would be in an economical sense more fertile than other land; say by proximity to the market only, and the lessened charge of freight. So far Ricardo is right, but thus much was known in the days of the Egyptian and Babylonian kings. Rent is not sacred, but it is natural. Friction is not sacred, but it is natural. One would be glad to see friction reduced to a minimum, but it would remain a very appreciable quantity. And if in the economy of human society, the cost of production and the cost of freight are so diminished, that we are a little nearer the ideal state than we were twenty years ago, it would be as rational for us to mourn as it would be to persist in going by a canal or a high road when a railway is ready for our use. I may be sorry for the man who has put his capital into a canal, or has lent his money to road trustees, when the tolls cease to pay the interest, but only in the way that I am sorry for any one who has suffered reverses of fortune. But if the two parties alleged that the canal and road were sacred, and that I must use them and pay for them, my compassion soon gives way to resentment.

Of course I do not mean to imply that English land will not hereafter pay a rent, that the corn fields of Western America and Northern India have rendered its cultivation unprofitable and impossible; but I am sure that the present, or rather the traditionary system of landlord and tenant has broken down, and that a new departure must be sought. English agriculture has faced in time past far more formidable difficulties than it has to face now, and has overcome them. But I am entirely convinced that if landowners, and they who counsel landowners, do not take the pains to understand the situation, and prepare themselves for the future, with fresh knowledge, a new policy, and a new departure, the outlook as time goes on, will be progressively more gloomy. Nor will any return to agricultural protection, an entirely hopeless wish on the part of some politicians and their dupes, relieve the state of things which is now induced on husbandry.

From the earliest period of recorded agriculture, by which I mean of such accounts as give us an insight into the occupation of land till some time after the middle of the sixteenth century, *i.e.*, for fully three centuries, the rent of agricultural land remains unaltered at from 6d. to 8d. an acre. This is the rate paid by tenants on lease, by socagers or free agricultural occupiers, with fixity of tenure, and invariable rents under a superior lord and serfs, whom the pedantry of the lawbooks described as holding at the will of the lord; whom the records of Manor Courts show to have had a permanent holding, though with certain disagreeable and precarious incidents. I shall take occasion to show in a future lecture how unchangeable the families were in a manor or parish, what significant economical consequences flowed from this fact, and in particular how it checked the development of certain tendencies for centuries. It seriously affected also the creation of competitive rents, and suggested to the inhabitants of a parish, that while it was not easy to import a stranger into the number of those who lived on the manor, it was in the last degree improper for one occupier to overbid another, and that the traditionary rent was as much as the landowner had a right to expect. In course of time one of the ways in which the landowner tried to raise rents in the face of rising prices was by the fines on admission or renewal. There is evidence, too, that they strove at the beginning of the seventeenth century to exact increasing fines from their free and customary tenants, to take advantage of any neglect or default in order to raise the old rents against the freeholders, and to greatly increase the dues on copyholders when they succeeded to their holdings, or made a conveyance by surrender.

The rent of meadow land was far higher. Many years ago, I collected the rents paid for those parts of Holywell parish, in Oxford, which lie near the Cherwell, *i.e.*, the low lying ground which extends from the northern extremity of the university park to the boundary of Magdalene College, on the west bank of the Cherwell, for twenty-four years, between 1295 and 1388. The practice was to let the first cutting for the making of hay, and to make the aftermath or rowens, called *rewannum* in the accounts, the occasional subject of a second letting. The maximum price which I have registered of the first letting is 9s., the maximum of the second

2s. 8d. an acre, generally it may be taken at 6s. for the first, 1s. 6d. for the second, or 7s. 6d. an acre for meadow land all the year through. Similar cases have been discovered in the fifteenth and sixteenth centuries. The explanation is easy. Natural pasture was let at far higher rates than arable, partly because there was no cost of cultivation, or a trifling cost, and partly because winter forage was so scarce. In the seventeenth century the rent of arable land varied from 3s. 6d. to 6s. an acre. I have here, and can show you, three illustrations of what I have said. This volume is a list of all the rents paid on the Coke estate at Holkham, between 1629, when the great Chief Justice retired early from active political and forensic life, and 1706, when the estates were in the hands of one of his descendants. During the whole of this period there is very little change in the rent, which from some twenty large holdings which I have taken is a little under 6s. an acre. This volume has been lent me by the present Lord Leicester.

The second of these rentals was procured for me by Lord John Manners. It contains the rentals of the Belvoir estate up to 1692, and afterwards. The land comprised in this rental is very well known to me. The average rent is 3s. 6d. before 1692, and about 3s. 10d. for a time after 1692. The noble family of Manners has been traditionally indulgent to their tenants, and the lettings on the Belvoir estates are very low, though the quality of the land is good. The third is a rental of certain lands possessed by Pierrepont, Earl of Kingston, in 1689. This rental comes from the Pepys Papers in the Rawlinson Collection. I do not know why Pepys had the list. This Earl of Kingston died in 1690, and was succeeded by his brother, who afterwards became Marquis of Dorchester and Duke of Kingston. The rental of this estate is apparently very high, but a considerable part of it, more than half, is pasture and meadow, which still bore a relatively high price to arable. Only two small tenancies are entirely arable, and in these, including a house in each case, the rent is 6s. 8d. an acre. On the whole, I believe that fairly good arable land was about 4s. 6d. an acre during the seventeenth century, and that there was a special reason, to which I shall presently refer, for the high rate of the Coke lettings.

From the very earliest times in English life, rural and urban,

the landowner or house-owner, being the ground landlord, effected all permanent improvements and did all repairs. The buildings had been originally erected at his expense, and were maintained by him after he ceased to cultivate the land himself, and procured tenants, first on a stock and land lease, then on an ordinary tenancy for years or at will. In letting agricultural land, the landowner of the fifteenth century even insured his tenant against extraordinary losses. Thus New College let one of its estates in Wilts, and covenanted to indemnify its tenant in case more than 10 per cent. of his sheep died in the course of the year, for the whole excess. The risk was not slight. In two consecutive years, 1447 and 1448, the college paid for 73 and 116 sheep on this single farm. In 1500, Magdalene College, which pursued the same system, paid for no less than 607 sheep to its tenants. The liabilities of the landowner were by tradition very heavy, and he was expected to make them good. The law of clerical dilapidations is a survival of a custom or practice which was once universal. Even in later times, this liability of the landowner to do repairs and effect all permanent improvements was so characteristic of English tenancies that they are distinguished as being under the English system. A totally different practice prevailed till recently in Scotland, and still prevails in Ireland, where it is the almost invariable rule that all buildings and permanent improvements have been effected at the instance of the tenant, a practice which has given rise to the recognition by Parliament of a joint ownership between landlord and tenant in Ireland, under the name of tenant right.

This English tradition is curiously illustrated from the records of house property in towns during the fifteenth century. New College possessed in 1453, house property to the annual value of £58 1s. 1d., from which fixed charges amounting to £12 11s 7d., and payable to divers persons, chiefly ecclesiastics, were deducted. Its net income would therefore appear to be £45 9s. 6d. But the expenditure on the tenements is very large. Every repair is paid for, even to signs for inns, the well buckets and rope, and latchets and locks for doors. What with these expenses, and with void tenements, the college only gets £3 5s. clear for the year. The possession of house property in towns during the fifteenth century, and for more than two and a half centuries afterwards,

was very unlike what it is at the present time, when town rents have been singularly swollen.

But before I deal with the further rise in rents, it is well to refer briefly to the system of agriculture in England to the end of the seventeenth century. I have already dwelt on it, but I must remind you here of a few particulars. The economist who deals with facts is constantly constrained to cite his facts, to repeat his facts, because they serve to illustrate various results in the economy of society.

You will remember that for a long time, certainly for a century, perhaps for longer, the landowner was also a cultivator, owning a considerable capital, interested in the adequate cultivation of the soil, and, being possessed of property which might easily be stolen, convinced that it was necessary to keep the peace. I am sure that for the latter result, the existing machinery was effective. In the very numerous accounts, many thousands, that I have read, it is very rarely indeed that any loss by theft is recorded, any dread of possible theft expressed, even in times of famine. The education of the English people in the principle of respect for property was very effective. It is true that everybody had property, and therefore everybody was interested against thieves and pilferers, and in respect for personal rights. I believe that the custom adopted by landowners of cultivating their own estates grew up during the long, peaceful, prosperous reign of Henry III., and the complaints against his government, the criticism on his policy, and, in the end, the armed resistance to it and him arose from the fact that England made great material progress during the first sixty years of the thirteenth century. To this Matthew Paris, one of the few chroniclers who is able to interpret social phenomena, bears witness.

The agriculture of the time was rude, and the produce scanty. But the best agriculture was undoubtedly that of the landowners, and their bailiffs. They could show the smaller tenants all they knew, and in their way could make experiments. Now one of the most costly of these experiments was their marling of land. It was a costly process, for the expense was constantly equal to the fee simple of the land, as I know from the charges incurred in the undertaking. Marl is an earth partly calcareous, partly argillaceous

which is of great service to stiff and to thin soils, breaking the one and giving substance to the other. "It mends any kind of land," says a writer on husbandry in the early sixteenth century. It is curious that when the new agriculture of the eighteenth century was adopted, the most enterprising of the landowners revived the policy of the thirteenth and fourteenth. I am disposed to believe also that these ancient landowning agriculturists sometimes strove to improve the breed of sheep, a matter of supreme importance when wool was so dear, produce was so accurately estimated, and local breeds were of such various value. This is, I think, proved by the high prices, prices beyond parallel, occasionally given for rams. When landlord cultivation ceased, marling was abandoned, it was too costly for the risk, and sheep-breeding suffered at least some deterioration. I have already explained the cause why landlord cultivation was abandoned, and the stock and land lease adopted. The social results which followed were many and various.

There is no trace of competition rents during the whole of the fifteenth century, nor do I think that they come into practical existence during the sixteenth. There is evidence however that eviction or famine rents, or compulsory exaltations of rent under the threat of eviction, or by colour of law, were practised in the sixteenth century. Fitzherbert, who wrote in the early part of Henry VIII's reign, and Latimer, who preached his sermons towards the end of it, and up to the middle of the century, speak, the one on the peril which the improving husbandman fears from a rapacious landlord; the other on the contrast between the tenure of his own father's holding, and that of the occupier who has succeeded him, and is being ruinously rackrented. The complaints of the husbandman in Stafford's pamphlet published in the last quarter of the same century, suggest a similar grievance. But in all cases, the complaint is that the tenant is overcharged by the landowner, or made to pay rent on his own improvements. This could only be operative under threat of eviction and loss, and though in the simple husbandry of the times eviction had no such serious meaning as it now has, it was still seen, apart from competition, to be a powerful means of extorting rent. I do not doubt, too, that the Act of 1576, under which the universities

and colleges, with the two historic schools of Winchester and Eton, were empowered or rather constrained, to take a third of their rents in kind, or in kind turned into money, was intended to assist their corporations to procure, in an indirect way, some of the advantages of a competitive rent.

No one, who knows anything about early economical history, can doubt that rent was originally, and for centuries, a tax, imposed by the strong on the weak, in consideration of a real or pretended protection of the tenant. The invariable and fixed character of the tax seems to me to prove this, and the fact that no attempt was made to alter the fixed rent, except by open or disguised violence or fraud is to me conclusive. Nay, the terms on which precarious or terminable holdings were granted appears to me to be strong collateral evidence, for I do not find that the rent per acre varied very much from the old customary rates. Indeed it could not well be, for at the end of the sixteenth century, I inferred from prices that land would bear but a slight increase of rent, and, after making my calculations, I found that I was almost exactly correct, by the register of rent actually paid for the holding, whose possible rent I was estimating.

And here I may observe that the remedy of the landlord, for an overdue rent, by distress, was very imperfect. By the law, the rent issued out of the tenure, and upon this tenure only could the landowner distrain. Hence, if he lost count of the tenure (an easy thing under the system of open fields, where each occupier had in succession only a few parcels, as I showed you in the Gamlingay survey), he could not venture on distraint for fear of trespass. I have constantly found in the fifteenth century accounts, that rents, though recorded for near a century, are declared to be irrecoverable, because the bailiff did not know on what land to distrain. Hence the law of distress, to the ultimate injury of the agriculturist, was supplemented, by the action of debt and the action of covenant being grafted on them, and the insidious principle that rent is a secured debt, avoidable by no length of time was retained in connection with these new methods of recovery. Now there is no doubt that of late years, the difficulties of the farmer were seriously enhanced by the law of distress, which by giving priority to the landlord's claim,

his principal creditor, weakened his credit elsewhere, and notably with the country bankers, who began in a declining or unprosperous market to be alarmed about their security.

No human skill can draw the line between a competitive and a famine rent. In theory, a competitive rent is one in which the farmer is not only perfectly free to occupy or leave alone, but is able to extricate his capital from his holding as readily as he can transfer a balance from one banker to another, or his savings from one public security to another. Unfortunately most political economists, misled by their abstract method and habitual disregard for facts, treat the movements of capital as all equally fluid or nearly so. A competitive rent, in the economical sense of the word, only exists for a moment, even under the most favourable times. Undoubtedly at the moment of the contract for occupancy, the intending tenant may seem to be entirely able to take it or leave it alone. I say may seem, for it is perhaps necessary for him to continue his calling, because to abandon it is to abandon the means of a livelihood, and he is therefore no more a free agent in the contract than a purchaser is in a besieged and straitened town. But the moment that he has agreed to the contract, and entered on his occupancy, his freedom ceases. He cannot, without serious loss, extricate himself from his holding, for no man can withdraw intact agricultural capital from a farm. I set down the loss at 10 per cent., but my friend, Sir James Caird, who is certainly better informed as to the economical position of the British farmer than any man whom I ever met, says that it should be at least 15. Now it is on this certainty that rapacious landowners and their mischief-making agents have screwed up rents, and reduced agriculture to its present distressful condition, a condition from which as yet I see no escape. Let me put the facts in a concrete form. A man has taken a farm of five hundred acres, at £500 a year, and brings on it, the quantity necessary for first-class husbandry, a capital of £5,000, or one-third of its selling value at the best of times. Now let us imagine that his landlord determines to raise his rent to 22s. 6d. an acre, and gives him notice to agree to this or quit. His loss by migration will be at least £500, or according to Sir James Caird £750 at least, and the better agriculturist he is, the surer is his loss. This he knows,

and if it had been the habit of a farmer to keep accounts, he would have seen the meaning of the alternative, for I am assuming that the sums I named are the maxima from which agricultural profit can be expected. But as he does not he argues thus: "If I go I shall lose from £500 to £750 down; if I stay at the increased rent I shall have to pay £62 10s. more. I'll risk it, prices may improve, I can save a bit one way or the other, and make both ends meet." Had he kept accounts he could at once have seen that he is losing his capital as surely as if he had quitted his holding.

No just landlord ever exacts a strictly competitive rent from his tenant, and recent experience proves that no wise landlord will exact what no just landlord will. It is the business of a landowner to learn what rent land will bear, how to adjust it to the market, and it is no excuse to allege that foolish tenants have offered him rents which they could not possibly pay. A sensible banker, if a borrower offers him 15 per cent. for a loan, could have no better reason than the offer for declining the advance without a moment's hesitation.

The rents of the seventeenth century, small as they seem to us, began with competition rents which rapidly slid into famine rents, by which I mean rents which leave the occupiers with a bare maintenance, without the power of either improving or saving. The earliest writer on husbandry in the seventeenth century admits the fact of competition rents, defends the lord's action in taking what is offered him, and treats the farmer's remonstrances with ill-disguised contempt. One would think in reading this author's arguments, that one was hearing the mischievous chatter of the modern surveyor. The agricultural writers of the seventeenth century point out in vain how lucrative is the new agriculture of Holland and Flanders, how easy it is to follow it, how deplorably backward in all that makes his art is the English husbandman, and then passionately denounce the ill-judged rapacity of the landlord. Their rents to be sure were poor enough, but as the position of the tenant was precarious, they were more than the cultivator could bear, and an absolute bar to agricultural progress. At the end of the century, Gregory King, who makes an estimate of incomes which is, I am persuaded, on the whole correct, while he credits a bishop

with the largest power of saving out of his official income, viz., £400 a year from £1,300, assigns the least capacity of saving to the farmer, for he credits him with a saving power of only 25s. a year out of an income of £42 10s.

There was, however, in some parts of England, notably in the eastern counties, in the west and north, a bye-industry of sufficient importance as to make the tenant-farmer comparatively indifferent to accretions of rent. This was the linen and woollen industry, carried on, I am persuaded, in most farmhouses in certain districts of England, the products being collected and purchased by travelling agents. Such, almost if not quite within living memory, were the woollen, particularly the flannel, industry of some parts of Lancashire and Yorkshire. Such was a generation ago the universal practice of Ulster, and I have recently been told by those who can well remember the universality of the practice, that the small farmers of Northern Ireland were comparatively indifferent to the magnitude of their rents, out of all proportion as I know to the value of their holdings, if their spinning-wheels and looms produced enough to pay the spring and autumn gale. When, however, the larger manufactories extinguished in part (for the industry is still carried on) domestic weaving, the rent to which the peasant was indifferent became a famine rent, and absolutely unbearable.

Every civilized community in Europe has found it necessary in one way or other to regulate the relations of landlord and tenant, and to save the latter from the capricious and ruinous rapacity of the former. In France it was effected at the Revolution, and with terrible suddenness in the autumn of 1789. In Germany, Stein and Hardenberg saw that a change was imperative after the humiliation of Jena. In Holland it was a later reform, as it was in Scandinavia. In Denmark, which forty years ago was as miserable and as turbulent as Ireland, it was the benevolent work of Bishop Monrad, the enlightened minister who had to bear the brunt of the scandalously unjust Schleswig-Holstein War. In Russia, it was the work of the late emperor. I do not say that in every case, the reform was done in the best way, but I am assured that the reform had to be done.

In the early part of the eighteenth century, the rent of agricul-

tural land, according to Jethro Tull, one of the earliest advocates, from the evidence of his own practice and experience of the new agriculture, was on an average of 7s. an acre. At the beginning of the last quarter, according to Arthur Young, who traversed the greater part of England, it was a little below 10s. The rise was the work of the landowners, was entirely deserved, and is most instructive. The average price of wheat during the seventeenth century was 41s. a quarter. It was a good deal less in the first half of the eighteenth, and rents were doubled. Other agricultural prices were not higher, some were as people would say now-a-days ruinously low, for wool was only 3d. a pound for a considerable period, *i.e.*, at a less nominal price than it often was in the fourteenth and fifteenth centuries. The rise in rent during the eighteenth century proves that rent depends in a slight degree on the natural powers of the soil, and to a limited extent, these natural powers being easily exhaustible, and a great deal on the acquired capacity of the cultivator—this cause of rent depending on the general diffusion of agricultural skill. In short, to use a logical expression, which is, I doubt not, familiar to most of you, what in Ricardo's definition of rent is made objective; to those who know anything whatever of the history of agriculture, is subjective.

I do not imagine that the singular and all-but universal passion for practical agriculture, which seems to have taken possession of the country gentlemen of England during the eighteenth century, had in view the improvement of the tenants' experience. "The farming tribe," says Arthur Young, when writing about the later manifestations of the fashion, "is made up of all ranks, from a duke to an apprentice." In some classes of society, as I well remember, the passion for farming had not passed away in my youth. It was, I make no doubt, an intelligent appreciation of the profit which might be made of the new agriculture. It is not unlikely that the country gentleman, seeing how rapidly the new aristocracy of trade was growing in wealth and influence, determined to see whether they could rival the men whom they despised and disliked. The English aristocracy of the eighteenth century was peculiarly infected with the pride of rank. I have been amused at one scheme of the Lords. They planned the foundation of an academy for their own order, to be established by Act of Parlia-

ment, and maintained at the public expense, but closed to any but the noble, and twice referred the scheme to a select committee. Now there was very little to be got out of Walpole, and still less out of Newcastle. So they very wisely and usefully betook themselves to agriculture. "There have been," says Young, "more experiments, more discoveries, and more general good sense displayed within these ten years in agricultural pursuits than in a hundred preceding years." He might, had he taken in the second quarter of the eighteenth century, have said, with perfect accuracy, than in all recorded history. "And," he adds, "if this noble spirit continues, we shall soon see husbandry in perfection, and built upon as just and philosophical principles"—his comparison is whimsical enough for his time—"as the art of medicine."

It is invidious and unfair, when one comments on the singularly useful career of the English landowners during the eighteenth century to dwell exclusively on the view of their personal interest. That they intended to better themselves is probable, but they did the highest public service, in throwing themselves with such enthusiasm into that noble art which possesses such peculiar attractions to those who have prudently practised it. Least of all would I complain that their gains were large, and that they took pride in the business on which they entered with such zeal. Lord Lovell, whose farming-book I have in my hand, lent me by his public-spirited descendant and heir, the present Lord Leicester, was one of the earliest and certainly one of the most comprehensive of the new "farming tribe." He grew corn, he was the butcher of the neighbourhood, and did not disdain to supply his noble neighbours and take their money. He is the maltster, the brick-burner, the lime-burner to the district. He superintends the whole farm, checks all the accounts, examines every item, and after making a reasonable deduction from his profits for his rent, paying his workmen liberally for the time, and making considerable and expensive improvements on the estate, by marling a portion of it, declares a profit of over 36 per cent. on his first year's expenditure.

We may be sure that there was a good deal of talk in North Norfolk about the noble lord's experiments. The gossip of the time is not recorded, but we may be certain that the men of the old school shook their heads, imagined that Lord Lovell had gone

crazy, spoke of the turnip-fields as his folly, and wondered what he thought could be got by the new-fangled grasses. And we may be sure that the bailiff who, when the scheme was first begun, wagged his head with the wisest of the farmers, but perhaps held his peace when the year's profit was declared, bragged of the work that had been done, and took some of the credit to himself. For you may have noticed that the incredulous are generally the first to welcome success, and to deny that they ever suffered from incredulity. The commonest of all fabulists is the man that tells you that he all along believed matters would come right, though your ears may still be deafened by his lugubrious predictions of failure.

The farmers saw and slowly followed the new system. It is true that fifty years later, there was much slovenliness in practice, and, above all things, as Arthur Young complains, "one cannot get the farmers to keep accounts." I have often thought how delighted this excellent and judicious person would have been could he have seen, inspected, and have read a bailiff's account of the fourteenth century, with its exhaustive recital of particulars and careful balancing of receipt and expenditure. Of course the rise of rents, though by no means considerable at first, ensued, and most justly. No men had more fairly earned the bettering of their improved position than the English landowners had earned theirs in the eighteenth century.

There were still serious impediments to the new agriculture. The custom of open fields, on which it was impossible to practise it, was general, and the enclosure of such fields, by which I do not mean the appropriation of the common lands, was exceedingly costly, dilatory, and uncertain. Many of these enclosures were effected, however, in the eighteenth century. Others, infinitely less excusable, were the work of the nineteenth, the plea being the increase of arable culture, an argument as germane as that of the man who picks your pocket on the plea that he can make a more profitable use of your money than you can. I have myself seen common fields in Warwickshire, but I presume that the system is now completely extinct, though I believe lammas lands, in which there was private property in the soil from Lady Day to Michaelmas, and general property for the other six months of the year, subsist.

The rents of 8s. 6d. an acre in 1692 rose to 36s. 8d. in 1854. Agriculture was still progressive, the cost of materials was greatly reduced, while the cost of production (in agriculture the proportion of cost to the market value of the produce) was greatly diminished, the price of products being exceedingly high, and the rate of wages being disgracefully and dishonestly low. Hardly a year passed without the trial of some new experiment. I well remember an old acquaintance, who came out of Wiltshire into Hampshire, a sheep drover, who had saved a little money, and hired a small farm, with a good deal of down in his holding. He ploughed the downs, burnt the turf, manured the ground well, sowed turnips and oats successively, knowing that chalk is a sponge which holds and gives back all it receives, kept accounts, made a fortune, and died a wealthy banker and landowner.

There are one or two points in this history of rent, which I will employ the rest of my time in commenting on. I have mentioned more than once that the price of wool was exceedingly high in the Middle Ages. But there is no trace of a rise in rent being consequent on a rise in the price of wool, though wool is eminently an agricultural produce. But the operation of those laws which determine rent is far less operative over that capital of the farmer which can be transferred with little loss from one locality to another than it is over that which, from necessity, must be committed to the soil. Diffused skill in cattle-breeding and sheep-raising can be far less easily mulcted by rent agencies than diffused skill in growing crops. The principal lever in the elevation of rents has been the loss consequent upon dispossession. This is the real "unearned increment." No doubt, to let a man hold land at much less rent than the land will bear, as Arthur Young constantly complains, is to encourage indolence; and among the indirect benefits which have come from rackrenting, as an offset to its fatal injuries is, that up to a certain point it calls forth energy, forethought, and thrift. Of course it may bring discontent and despair. But within a certain limit it equalizes unequal opportunities. But, on the other hand, cattle- and sheep-raising are matters of personal rather than of general skill, and it is clear that in the Middle Ages, as sometimes in our time, the operation was exceedingly hazardous. In the absence of winter roots, and the stint of hay, a dry summer followed by a

hard winter would have had very serious effects on the sheep master. In the same way, the rent of land, let to so capricious and risky a produce as the hop is, bears no proportion to the occasional gains, and the invariable hopes of the hop grower.

I thought that I could have detected the rent of land through the reserved rents and fines of the colleges in Oxford and Cambridge, and in the estates of Winchester and Eton Colleges. But after much pains taken, I found that my research was disappointing. These corporations for a long time were in great peril. Had Henry lived longer, he would have devoured them. The bishops of Elizabeth's reign were plundered by her nobles, with the Queen's connivance. The Cecils took no little ransom from the see of Peterborough. Exeter was reduced from a rich to a poor bishopric by the western nobility. Every one knows the story of Hatton and the Bishop of Ely, and Elizabeth's threats. At last the Queen, perhaps at the instance of Parliament, came to the rescue of the prelates and passed the disabling statute.

The Colleges had much reason to be alarmed. Though I do not find that they lost their estates, they became exceedingly poor after the Reformation and the rise in prices. I can hardly see a change in their revenue when everything became trebled in price. The fact is these corporations leased their lands on very beneficial terms to great men. Cecil and Derby took estates at one half their annual value from King's College. Similar leases were granted by the Oxford corporations. The Crown came to the rescue with the Act of 1576, the Reserved Corn Rents Act, and the Colleges began to exact fines on renewals, at first timidly and always ignorantly. They were put to great straits as time went on to find out what their property was worth, and to fine accordingly, though under the mark when they did know. They never got its value, and the lessees made great profits from the difference between their own rents and that of the under-tenants.

Arable rents have risen, in the course of the last two and three quarter centuries, in many cases, eighty times, while wheat has risen eight times. Pasture has risen about ten times. Now if there be such a thing as the indestructible powers of the soil, it is more characteristic of pasture, which cannot profitably be ploughed up, than of anything else. But the cause of the first elevation, as I

hope I have now sufficiently pointed out, is diffused agricultural skill, and competition for business profits. This is not indeed the cause of all rent, for, as I have said, there is a famine rent, under which the landowner by familiar processes takes from the cultivator of the soil all but a bare subsistence. During the seventeenth century the English farmer had experience of a famine rent. For the last eight years, it has been renewed. The Irish farmer, who is in nine cases out of ten a labourer paid in land, has had no other experience than that of a famine rent. The Nemesis has come in both countries, and even the nineteen years lease, which the Duke of Argyll thinks the quintessence of human wisdom, gilded by the most perfect justice, is discredited. When will people learn that high prices do not make high rents, that folly may destroy what it can never recover, and that the best way to extinguish all human interest in rent is to deny that it is a matter of human institution, while it is the result of an intelligence possessed by the occupier and not by the landowner, except under peculiar circumstances, and is in no sense divine or providential?

One of the ways in which the owners of land have striven to maintain artificial rents has been, first, by starving the peasant, next by putting the cost of his necessary maintenance on other people. I have already described to you how this system was developed. It has been most disastrous to those who devised and carried it out. I don't know whether the farmer and landowner will ever find out that low wages do not mean cheap labour; but it is a common-place even with economists of the stupid school, and a truth which they have been able to grasp, for they learnt so much from Adam Smith. But that their misery was to be an ever-increasing cause of rent, was left for the genius of a London stockbroker to enunciate, for the economists and country gentlemen to accept, and to be refuted by facts. More than twenty years ago I pointed out the nature of the problem and its inevitable solution. I suffered the ordinary fate of those who are more far-sighted than the people among whom they live—no great feat here. I might perhaps, if time permitted, discuss with you what must be the rent of the future, for that of the past is vanishing, and for reasons which you might gather, and probably will, from what I have said. Or I might fortify myself with the example of a great man of my youth, the late Sir

Robert Peel, and decline to commit myself to a prediction and a remedy till I am called in. This, however, is perfectly certain—the landowners of the eighteenth century made the British farmer the best agriculturist in the world; the landowners of the nineteenth have beggared him.

IX.

METALLIC CURRENCIES.

Early English money—The mark and the pound—Changes in the weight of the penny—Silver produced in England—The King's Exchanger—The ratios of silver and gold—Causes affecting these ratios—Bimetallism—Gresham's Law—Payments made by weight not by tale—Reasons proving this—The debasement by Henry VIII.—The foreign exchanges—The recoinage in 1696—The suspension of cash payments—Seigniorages on coins—The efficiency of the currency—Currency kept for two objects, internal and foreign trade.

THE subject on which I am to lecture to-day is rather technical. It can only be understood when some figures are mastered, and there are some figures, as I shall show in the course of what I have to say, which would be wholly deceptive, if they were not explained away. The right apprehension of what the English currency was is absolutely essential towards the interpretation of money values in the economical history of England, and the interpretation of that economical history gives meaning and vitality to constitutional and political events, transforming them from disconnected and unrelated annals into a cohesive and continuous vitality. I hope that the laborious antiquaries who dig out what they call the facts of the English constitution, and edit the opinions which they discover, will take no offence at what I say. Their work has a high value, because it is the collection of materials, and without materials, no man, except a metaphysician, can build. But there is really nothing constructive in constitutional and political history. The proof lies in the fact that the

most ingenious theories are liable to destructive criticism, even when propounded by men of real genius.

Those Teutonic nations which were never brought under the direct influence of the Roman administration had a unit of money which they called the mark. Those parts of Western Europe which were brought under the direct administration of Rome had a unit which they called the pound, *livre*, *lire*. Sometimes, as in England, the two systems were used in calculations, and in early times quantities were expressed in marks almost as frequently as they were in pounds. From a very early date the mark was reckoned at two-thirds of the pound. Neither the pound or the mark was ever coined. They were simply money of account. Moreover, the only currency employed in circulation for a long time was silver, and in many countries silver remained the only currency till very recently. In some communities, gold has been substituted for silver. In some, paper has taken the place of silver. In England, the pound of silver, called the Tower or Saxon pound, contained 5,400 grains. In 1527, Henry VIII. substituted the Troy for the Tower pound, containing 5,760 grains. The penny then contained $22\frac{1}{2}$ grains of the older, 24 grains of the later pound. The fineness of the standard was, in theory, 11.1 pure silver and .9 alloy; and the king's officers at the exchequer took care that the money paid should be up to the standard of fineness, as we learn from that very ancient financial treatise "The Dialogue on the Exchequer," first printed by Madox.

Nobody knows in what nation or in what place, the capital invention of the coin was made—whether it was in Greece, or Sicily, or Italy, where, by the way, the ancient currency was copper, a metal more frequently found native in a pure state than any, excepting gold. We know that there were countries far advanced in civilization which had no coins. There were none in Egypt, in Assyria, in Babylonia, in the old Phœnician colonies; for coins are sure to be lost now and then, and are exceedingly indestructible. None have been found in the ruins of these countries, and yet it appears, from recent research, that Babylonia had an elaborate system of banking, and all the machinery of transferring balances from one account to another. In the same way, though

there is a small currency in China, there is no silver coinage; for it is said that Mexican dollars, which serve, or did serve, to liquidate balances, are melted into ingots when they get into the native merchants' hands, these ingots being stamped with the trade mark of the merchant who casts and re-issues them. Such, probably, were the means by which exchanges were made in early times, and among those nations which never adopted a money currency. Some measure of value is needful for business of a rudimentary kind, but we see, from the example of these ancient peoples, that great progress can be made without coined money.

I need not trouble you with the common-places which you will find in all books on political economy, as to the motives which have induced nations to adopt the use of gold and silver coins. The economists have interpreted these functions with great precision and clearness. It is not wonderful that they have, for many of them who have written on the subject have been engaged in what is called the money market, or have been familiar with those who have been so engaged. I have thought it my duty to speak with exceeding plainness about the Ricardian theory of rent, because I hold it to be so exceedingly incorrect, and so transcendently mischievous, since it encourages men to hope for impossibilities. But on money and banking, on currency questions generally, and especially on the most abstruse of them, Ricardo's authority is of the highest character. Here he was in his element, for he was an exceedingly acute stock-jobber, in the days when a prosperous stock-jobber was almost a strategist, as you may learn, if you like, from biographies about successful people in this calling. Rude and comparatively savage races imitated currencies. I know nothing more ingenious and more conclusive than the manner in which Mr. Evans, the numismatologist, has traced the British gold coinage, which is tolerably abundant in collections, to the imitation of a Macedonian stater of one of the later Temenid kings.

If you take up books in which the English currency is treated, you will find the following statement of facts. The original standard of weight in the silver penny may be taken at 3. In 1299, Edward I. reduced it to 2·871; in 1344 Edward III. reduced it to 2·622, in 1346 to 2·583, and in 1353 to 2·325. In 1412,

Henry IV. lessened it to 1·937; and in 1464 Edward IV. to 1·55. In 1527, Henry VIII. brought it down to 1·378, and in 1543 to 1·163. In 1560, after the restoration of the currency by Elizabeth, it is at 1·033, and in 1601, she brought it to exactly one-third of the weight it stood at 303 years before. I am obliged to supply you with these details because they are essential to my criticism on the inference which is drawn from them. In one particular they are exact. The proportionate weights of what is called the silver penny correspond to these registered mutations. I have, long ago, put this fact to the test, by weighing clean and unworn coins in chemical scales. I hope that I shall be able to prove to you that I threw away my time and trouble.

Now silver, up to the great change in money values, was produced largely in England. The commonest ore in which silver is found is galena, the native sulphuret of lead, in which ore it is said to be always present, though some is even now too poor to bear the cost of refining, and much must have been then, when the refiners' art was rude. In the various works which I have read on the early trade of England, and in the statistics regulating that trade, I have never met with imports of lead. I have no doubt that England supplied France, and not a little of Western Europe with this metal, which was comparatively cheap, and greatly used for church roofing. The greater part of the silver of Western Europe was also, I believe, derived from England, despite the restraints put by statute on its exportation. If there be any truth in the constantly recurring story about the enormous and incessant exactions of Papal avarice in England, not a little of it went to Rome and Avignon, and then again to Rome. If we give credit to the complaints, for even the monks, generally friendly to the Pope, make them, the overflow of money to the Pope's court, in the palmy days, was annually equal to the royal revenue. But the English did not become impoverished by the efflux. Lead, the ore of silver, falls in price during the fifteenth century, and there is no reason to believe that the art of metallurgy was improved, and at that time, it was rather dangerous to have a scientific reputation, for experiment was liable to be confounded with sorcery, the most deadly charge that could be made against any one.

For reasons which are explained elsewhere, the Government of England made strenuous efforts to prevent the exportation of silver, and I am quite sure that the payments made to the Pope and his court, turned public feeling against the supremacy of the Roman Pontiff, and hastened the breach of the sixteenth century. Perhaps, had the Pope been acquainted with monetary science, in so far as it is understood by every one now, and had grappled with the economic heresy which treats it as the only wealth, he might have mitigated the feeling. But more than any sovereign of the Middle Ages, the Pope spent wealth.

The opinion of English statesmen was, that in order to secure and retain abundant wealth, it was necessary that on every article exported, a balance in specie should be paid to the English dealer. The Government, therefore, limited the market for certain important English exports to certain towns, called staple towns, of which Calais, for wool, the principal and most valuable of English exports, was the chief. But as the merchants might prefer their own profits to the theory of the administration, a high officer of state, called the King's Exchanger, was appointed, whose duty it was, by himself or deputy, to see that a balance of money was paid on each transaction. The first of these officials was De la Pole, in the time of Edward III., the ancestor of those Earls and Dukes of Suffolk who had so tragic a history in the fifteenth century. This official foolery went on till the time of Charles I., who appointed Rich, Earl of Holland, to the office. But the London merchants, from whom Charles was perpetually borrowing money, resented the absurdity, declared that the patent was illegal, at Selden's instance, and induced Charles to revoke it. I speak of the policy as it deserves, but there are people in our own day, who might know better, who are foolish or dishonest enough to allege that the character of our trade proves that gold and silver are leaving us. In form, the prohibition on the exportation of gold and silver coin continued till 1816. It had a curious effect. People were allowed to export gold in bars, foreign coin, and bullion, the produce of foreign coin, and an oath had to be taken, that exported bars were of this character. People were hired to swear that they were, and sworn-off gold, as it was called, was worth three halfpence an ounce more than other gold was, which

had not been subjected to the ceremony. You will see that three halfpence an ounce was the bullion dealer's payment for perjury.

Of course the operation of the King's Exchanger was nugatory. Very much more bulky things than silver were easily sent out of and into the country, at a time when ships were small, harbours numerous and easy of access, and prevention impossible. The merchant of the fourteenth and fifteenth centuries, and for many a century afterwards, did not want to keep useless money by him, especially when he saw that there was a profit in getting rid of it. So he laughed at the staple and the exchanger with perfect impunity. Had the operation been effectual, it would have heightened prices, because money would have been in excess. But during the time when this machinery was at work, especially in the fifteenth century, prices were falling all round, a fact of which I shall be able to make notable use by and by. It is, however, possible that the prohibition may have been treated as a risk, and have thereupon increased the cost of discounting bills. At any rate, I am convinced that in later times such was the effect of the law.

I have said that silver was for a long time the only currency. There is a story, told by the annalists and repeated by Ruding, that in 1257, Henry III. issued a gold coinage at the rate of 10 to 1, but that the London citizens resented the practice, and that the king took it back at the proportion proclaimed, exchanging it however into silver at a charge of $2\frac{1}{2}$ per cent. But the reality of this issue has been doubted. No specimen has ever been found of the coin, and it is probable that Henry only intended to give currency to some foreign gold coins. In 1262, Henry bought some gold florins and byzants for the purpose of making plate, at from 9 and 10 to 1. Thirty years later, Edward I. purchases a considerable quantity of gold, for the purpose of gilding parts of the crosses which he set up in memory of his queen, Eleanor of Castile. Here the proportion is a little over $12\frac{1}{2}$ to 1. In 1345, Edward III. issued gold coins in the proportion of $13\frac{3}{4}$ to 1. According to Lord Liverpool, in his "Coins of the Realm" (a work which I have heard was actually composed by Ruding), during the fifteenth and sixteenth centuries the proportion fell to between $10\frac{1}{2}$ and 11.8 to 1.

In the seventeenth the ratio was 15 to 1. At the resumption of cash payments, the rate was recognized as $15\frac{1}{2}$ to 1; but silver as a legal tender was demonetized. At the present time it is about 22 to 1.

The ratio of gold to silver, *cæteris paribus*, depends on their use in currency. Many years ago, I was a good deal struck with the rapid rise in the relative value of gold in 1296, over that in 1262. But an examination of Muratori's invaluable antiquities explained it. During the last quarter of the thirteenth century, and through the greater part of the fourteenth, numerous Italian cities adopted a gold currency. Their trade was with the East, where gold currencies were customary. A demand for the metal occurred, and the price of necessity rose. This gold currency was even more general in the fourteenth century. For example, that of Avignon, then the seat of the Popes, was gold, and people who brought silver to the curia, as I have shown, had to pay handsomely on the exchange. I have myself little direct evidence as to the causes which depressed the value of gold in the fifteenth and sixteenth centuries. Of course the relations of Europe with the East were greatly modified as the Eastern empire decayed, and finally fell, and the old roads over Central Asia were effectually blocked.

When the new money came in from the West, the ratio of 15 to 1 was established. The ratio was not free from serious fluctuations, which some of the bimetallists have not sufficiently studied, when they dwell so complacently on its steadiness in some of their publications. At one time gold was found to be overvalued, and silver disappeared; at another silver, and gold disappeared, so that financial operations were resorted to in order to restore the equilibrium. In 1853, M. Chevallier thought that silver would disappear from France, owing to the gold discoveries in Australia and California, and Mr. Cobden translated his book. After the war of 1870, Germany determined on establishing a gold currency, and a few years afterwards Italy followed her example. Instantly commenced a fall in the price of silver, which has continued since. The States of the Latin Union diminished their silver issues at their respective mints, and the fall became more rapid. If Austria and Russia had retired their paper currencies the downward movement might

have been in part, if not in whole, arrested. If China were to adopt a silver currency for her enormous and populous empire, the ratio would be totally altered. There are rumours that such a scheme is contemplated. I will venture on predicting that what I have said would be rapidly fulfilled if the scheme takes effect.

It is impossible to say to what extent a government may regulate its internal currency as long as that currency is unaffected by the foreign exchanges, which treat coin as mere metal, as soon as it becomes what Adam Smith calls the money of the great mercantile republic. It is said that the paper currency of Russia circulates at its nominal value, though in the exchange it is only half the value of the silver rouble, and the silver rouble suffers from its own depreciation. But with the outer world Russia deals in gold only. It claims all its import duties in gold; it makes what foreign purchases it needs in gold. So with India. I have been told that the purchasing power of the rupee is not diminished in the peninsula. But the relations of England to India, as a creditor country, are gold relations. The pensions of its civil and military retired officers are indeed paid in silver, and have to bear the loss of the exchange. But its external debt is a gold-bearing debt.

Some time ago I had an opportunity of talking with Mr. Fremantle, the Master or Deputy-Master of the Mint. I asked him whether, with so prodigious a seignorage on the English silver coins, now over 30 per cent. above their gold value, there was in his opinion any private coining of genuine silver money. He told me that the Mint authorities had naturally had their attention directed to the risk. But they had found no evidence of the practice. The machinery for coining genuine money would be expensive, the manufacture of dies would hardly escape notice, and if these difficulties were surmounted, that of getting rid of any amount worth the risk would arise. The movements of metals, especially of coins, are well known, and any interruption in their ordinary flow would be suspicious. If in our day the alchemist could realize his dream of transmutation, he would find it difficult to get rid of his produce. Let me illustrate what I mean. Perhaps the University Press requires about £200 a week in silver money for wages. The efflux and influx of this silver money is as well known and provided for as a Great Western train. Conceive, for a moment, that the

local operation suddenly ceased, and the Press went on paying wages as usual, no one knowing where it got its silver coin from. The mystery would be soon followed by suspicion, the suspicion would be followed by inquiry, and the Mint would discover the origin of the new process. I am convinced that the authorities of this department would have a quicker scent after such an affair than the Ordnance had after the origin of the flexible bayonets and the fragile swords.

I may, on a future occasion, find it in my power to deal with the question of bimetallism, *i.e.*, of the simultaneous legal tender of two different metallic currencies. The subject is exercising a good deal of ingenuity at present, and though I have not heard that any person of eminence in monetary science or finance, or even in the bullion trade, has declared his adhesion to the theory, it is supported by names respectable enough for consideration. It is due to such persons that the theory should not be put off in an *obiter dictum*. But thus much is certain. It is necessary, before an opinion is formed on the subject, which is entitled to serious discussion; first, that much more should be known of the historical ratios of the two metals than has hitherto been collected; next, that a careful estimate should be formed of what are the real forces of a government, which is invited to give an artificial value to any of its coins; and next, if it be found necessary, as most advocates of bimetallism confess, that there should be not an understanding only, but a binding agreement among civilized countries, as to the limits on the issue of an overvalued currency, what is the machinery by which they expect that the agreement will be enforced. I will not, however, on this occasion, pursue the subject further.

Now reverting to the statements which I made in the early part of this lecture, the gradual degradation of the penny in weight between 1297 and 1600, most people who have dealt with prices imagine that payments are made by tale, and that these prices, in so far as details were known to them, accommodated themselves to the new and degraded coinage, that of course, in accordance with Gresham's law, that an overvalued and an underrated currency never circulate simultaneously in a country, but that the undervalued ones instantly disappear, immediately on the appearance

of the new and degraded coins, the better currency being hoarded or exported. This was Adam Smith's opinion. He thought that during the fifteenth century silver was gradually getting dearer, and that prices, without let or complaint, at once accommodated themselves to the new and lighter coin. Now Smith had scarcely any information on prices. All that had been published in his day was Bishop Fleetwood's "*Chronicon Preciosum.*" Fleetwood had been a fellow of Eton, and in his day was fond of studying finance. He had a reputation, and a fellow of All Souls, who had a private estate of over £5 a year (the limit which the founder allowed to his fellows), and was therefore threatened with a declaration that his fellowship was vacant, consulted Fleetwood as to what should in equity be the interpretation of £5 in Henry the Sixth's time, according to prices in the reign of Anne. Fleetwood answered this case of conscience by collecting what information he could procure, or thought necessary for the contrast, and published his results. For a long time his book was the only authority on the subject, and the Eton wheat and malt prices were frequently referred to in Parliament and by authors, such as Adam Smith, who printed them. The work, as far as the fellow of All Souls was concerned, was published in vain. The fellows, as I learn from Hearne's Diary, rightly declared his place vacant. The discovery was a shock to me, as I had to give up, among the "Worthies of All Souls," what I had imagined was a conscientious worthy. But as for Fleetwood's facts, I can allege that I have printed more information on prices for any one year, than can be found in the whole of Fleetwood's collection.

Now let us take one century, the fifteenth. According to the table which I gave you, in 1412, Henry IV. took a sixth part away from the silver pennies which he issued, as compared with those put into circulation by Edward III. in 1353. In 1464, Edward IV. takes away a fifth of what was contained in the penny of Henry IV., and these are part of a series of changes which at the last date had reduced the penny to almost exactly half of its ancient weight. But no material change of prices takes place in England for the 280 years during which the reductions in weight were made. No change, which is still more remarkable takes place in the years which follow the change.

Between 1410 and 1414 inclusive, prices of corn are singularly uniform, between 1462 and 1467 inclusive, they are nearly as uniform. Twopence are taken out of the shilling on the first occasion, nearly 2½d. on the second, but prices remain low. The prescience which could have made such a reduction and could have foreseen that no effect would have been induced on prices, would be simply miraculous.

But the patience of the people would have been even more remarkable. Not a single complaint is uttered as to these acts of the administration. Henry made the change when he was peculiarly unpopular; Edward, when he had just obtained his kingdom, and had to employ all his energies in baffling the intrigues of a discontented and beaten faction. The purchasing power of money did not, it is true, change for English goods. Neither did it for foreign, on which the exchanges would be certain to operate. But every one who knew anything about it, *i.e.*, all who took money (for it was a period when money scales were part of the furniture of all houses), must have known that within 52 years 4½d. worth of silver had been taken out of every shilling. It was an epoch of fixed rents and of fixed dues. There was hardly an estate from which one or more pensions did not issue, Agricultural rents from tenants at will or on lease were practically fixed. Taxes, tenths and fifteenths, were fixed amounts. It is not credible that the king, his lords, the whole body of land-owners, the recipients of fixed incomes rising from land, would have acquiesced without a murmur in an operation which reduced those incomes nearly 40 per cent. The old money too did not disappear. No one says it did, and in the eighteenth century, writers on the exchanges inform us, that coins of the Plantagenet kings often came into their hands.

The English people were by no means patient, especially when their pockets were affected. They hated favourites, who got hold of the king's money, with exceeding bitterness, and when the king was incurably bent on impoverishing himself they were very apt to depose him, and acquiesce in his rapid disappearance. All our early revolutions, I do not see why we should not even include the later, have had a financial or economical reason at the basis of them. The revolt of Tyler, the insurrection of Cade, the rising

of Ket, in the fourteenth, fifteenth, and sixteenth centuries, to say nothing about the Pilgrimage of Grace, can be connected with financial and social discontent. I suspect that the affair of 1688 was quite as much associated with economics as it was with religious discontent. The philosophy of history is far too apt to neglect the former cause. But the philosopher has the excuse of ignorance, and the advantage of imagination.

I felt convinced, then, that the view commonly taken of these successive degradations of the currency was an erroneous one, and could not possibly be accepted. To be true, they who manipulated the mint must have been preternaturally wise, or preternaturally foolish, and though the English race is not naturally quick or inventive, it is not incapable of discovering and avenging a grievance. Now the conclusion which I arrived at, and that many years ago, was that payments were made by weight, and not as now by tale, that whatever was the weight of the pieces issued by the Mint, a man who covenanted to receive or pay a pound of silver, for goods, services, or dues, received 5,400 grains up to 1527, and 5,760 afterwards, and that this system lasted from the earliest records down to the restoration of the currency under Elizabeth. On no other hypothesis could the facts be interpreted, and the question before me was, how could the hypothesis be verified?

1. The history of general prices entirely agrees with this hypothesis. They are nearly unchanged for 280 years, if the whole space be taken, though they are affected for a time by such events as the great plagues of 1348 and 1361, when the value of an article is mainly due to the labour expended on it. Now, wheat for the first 140 years is 5s. 10 $\frac{3}{4}$ d. a quarter, *i.e.*, from 1261 to 1400, and 5s. 11 $\frac{3}{4}$ d. for the next 140 years from 1401 to 1540. On the other hand, certain prices, notably those of foreign produce and foreign goods, decline rather than increase, especially toward the conclusion of the fifteenth century. Now it is certain that there is no traceable economy in the cost of production, and no discoverable reduction in the cost of freight. And again, English wool is rather lowered than heightened in price, though there is no evidence whatever that any foreign country competed against English wool, or indeed could have competed against it.

2. The price of silver plate. This is very extensively purchased. The purchase of plate, in point of fact, was a very common kind of hoarding. The cost of shaping it was low, and the article was readily pledged or sold. The purchase money is constantly expressed in pounds, ounces, and pennyweights, the raw silver or finished goods being plainly weighed in the scale against coins of all sorts and sizes. Now when the coins in 1462 had been reduced, according to the tale theory, to a little over half what they stood at in the earlier ages, Oriel College, in 1493, bought $33\frac{3}{4}$ ounces of silver plate, some of which was gilt, at 2s. 9 $\frac{1}{4}$ d. an ounce, a price entirely impossible by a tale payment, for the pence and farthing fairly represent the cost of workmanship and gilding. I might multiply evidence of this kind, for I have it in abundance, and it all points to the conclusion which I have arrived at.

3. In 1462 gold was bought at 30s. the ounce, the ratio according to Ruding between the two metals being as 11.2 to 1 at the time. Such a price is intelligible if the estimate is taken by weight, quite inconsistent with the facts if it is taken by tale.

4. We are expressly told that the principal loss of the base money which was put into circulation between 1543 and 1553 inclusive, and remained in circulation for near twenty years, fell on those who lived by wages. The merchant could weigh it and test it, indeed could not carry on his business unless he did, and perhaps gain an advantage by his knowledge. But as the issues were of very various degrees of baseness, the man who received his wages, even by weight, would find that one piece went further than another, owing to its being less alloyed, and that another was almost a dead loss.

5. The record of the restoration by Elizabeth is conclusive. The amount of base money which Henry and his son's guardians put into circulation was 631,950 lbs. in weight. The currency value was £638,115, the difference being no doubt seignorage, or a charge for coining, to defray mint expenses. The amount of silver in it was 244,416 lbs. indicating a debasement of near 60 per cent. But out of this silver Elizabeth coined by tale £733,248. She said she lost by the process, though there seems a balance to her advantage of £95,133. Whether she spoke the literal

truth is a question, which some persons who have studied Elizabeth's utterances might very confidently answer. But she had to refine the wretched stuff, and the separation of copper from silver was in that day by no means an easy business, and we know that the adulteration was copper, from stories of the time. Then there was the charge of coining and the seignorage. It is said that the slag was intractable, and was employed to mend the roads.

6. There is no reason to believe that the Spanish occupation of Mexico and the discovery of Potosi were followed by any notable influx of silver into England. It is only by the foreign exchanges, *i.e.*, by trade, that these exchanges can operate, and in the sixteenth century English trade was exceedingly curtailed. Now the rise in the price of commodities between the date at which the currency was reformed, and the period at which the new silver unquestionably began to modify English prices, is exactly, or almost exactly, the difference between the old or Tower pound with the old prices by weight, and the new prices 2.75 to 1. When the reform was over Elizabeth was evidently aghast at the consequences. She could not afford to make good the fraud committed in her father's and brother's reign. To have done so would have cost her at least six years of her average income, an impossible sacrifice, for in strict justice, the bankruptcy of the exchequer was more thorough than at any period of English history. She did bethink herself of a plan. A proclamation was drafted (a copy of it is in existence in the great collection of her proclamations) reducing the tale value of the new coins 50 per cent. But it was never issued, I presume because she was advised that it was sure to be misinterpreted.

I may seem to have spent too much time and given too many proofs of my hypothesis. But the issue before me is considerable. On the truth of my hypothesis, entirely verified as I think it is, depends the rational interpretation of English prices, and the significance of the first departure from them after 1563. How significant prices are in the economical interpretation of history is, I trust, by this time fully clear to you. It is because currency is practically unchanged in English history, except at one important epoch, that it is possible to construct an intelligible history of

prices in England. In other European countries despotism has played fast and loose with the currency. The pound was the unit in France as well as in England. The late currency of Elizabeth reduced it to a third of its ancient and traditional value. The French livre is, now under the name of the franc, 1-72nd part of its original value. In Scotland, which was a despotism tempered with assassination during the reigns of the earlier Stuarts, it sank to a twentieth. But I think it would have been dangerous had any English monarch played the pranks which John the Good, as they called him, in France did. The English people have been slow to move or to be roused. It is exceedingly difficult to determine when they are roused. But history proves with great frequency how dangerous they are when the unexpected occurs.

The debasement of the currency was only deliberately committed once. The patriot king, after squandering all that he could get hold of, after ruining his people, after pledging himself that if they gave him the monasteries he would ask his Parliaments for no more grants, ordinary and extraordinary, began to debase the currency. Mr. Froude, the apologist of this monster, the type of the philosophic historian, and at present the advocate of the Liberty and Property Defence League, has described this transaction as of the nature of a loan. How obliged coiners and smashers must be to him for so courteous a description of their calling! Most of us are accustomed to consider the coiner of base money as a peculiarly scoundrelly criminal, because the success of his calling depends mainly on his being able to cheat the poor. Except by the magnitude of his crime, Henry is on a level with the meanest of knaves. The crime is heightened by the fact that it is the first duty of a ruler to keep the currency up to standard. Such men as our Henry the Eighth, and such men as Ernest of Saxe Coburg, who was, I believe, the last European sovereign who issued base money, and repudiated it, ought to be gibbeted in history.

At first the increase of debasement was not large. The standard is 11·1 in 12. The issue of 1543 was 10 in 12. In 1545 it became only 6 in 12. In 1646 it was 4 in 12, two-thirds being alloy. In 1549 Somerset, Edward's guardian, put out an issue of 6 in 12, and in 1551 one of 3 in 12. This was virtually the last issue of

base money. The credit of the country was entirely gone, and Gresham, the king's agent at Antwerp, plainly told the Court that such was the fact, formulating at the time that law which I have quoted to you, which is known by his name, that if two currencies of unequal value, but declared by authority to be of equal value, circulate together, the undervalued coin is sure to disappear. Two issues, one nearly up to sterling, the other quite, were coined in 1552 and 1553, not for circulation in England, but for the Antwerp exchange. Mary would have restored the currency, but all her energies were occupied in restoring the old religion. She died, the day of her death being long kept as a holiday, under the decent pretext of its being the date of her sister's accession, and Elizabeth restored the currency. Since that time it has never been debased, though Charles I. was with difficulty restrained from this crime, for which he had, probably from the constitution of his moral nature, a strange hankering, for Charles would have rather cheated his subjects than have oppressed them, for this is the meaning of the defence made for him, that after having packed the court and terrorised the judges, he preferred to proceed by the letter of the law.

Now I have alluded to the effect of the foreign exchanges. When countries trade with each other, it is the obvious interest of merchants to buy as well as to sell, because under such circumstances they make a double profit. But commercial transactions—I am taking them in their very simplest form—rarely exactly balance goods against goods. There is a difference. Now, from early times, these differences have been expressed in bills of exchange, *i.e.*, orders on the person who owes, to pay at a more or less deferred date, whatever difference is due and accepted by him. From very early times it has been found profitable for certain persons to trade in these bills or orders or acceptances, and traders have found it convenient to recognize such intermediaries. If such brokers of bills find it expedient to take money for the bill when due they will do so, but like merchants, they generally find it expedient to take bills against bills, because there is a double profit on the transactions. Now it is by these instruments that money is distributed among different countries which have trade relations, because at times it is more expedient to take money than

to take bills. It is always, for example, expedient to take money from a country which obtains from its own mines a greater supply of the precious metal than it needs for its own domestic use, because such metals are cheaper there than they are in any other place.

Now in early times the operation of the foreign exchanges was very marked in England. Our forefathers had two kinds of produce—the one a monopoly, wool; the other, a most important produce, silver. It is plain that the principal place at which English produce, bills for England and bills on England were negotiated was Antwerp. But after it became dearer to get silver from English mines than elsewhere this trade declined. After the Flemish trading cities were ruined, the trade in wool declined. After the rise in prices occurred, unaccompanied by a rise in wages, profits, and rent, the power of purchasing foreign goods declined. I have no doubt that in Elizabeth's reign the foreign trade of England, and by implication the movements of the currency, were not a fifth what they were a century before. Everybody was distressed who had fixed or quasi-fixed incomes, for the state of rural society in England was such that there was little chance for competitive rents. The Oxford and Cambridge Colleges were terribly distressed. They cut down their chapel services, for all that may be said about Elizabeth's advertisements, to the meanest forms. They ceased to buy books. They abandoned wine for small beer, with occasional draughts of a more generous malt liquor. The varied and more unctuous feasts of two or three generations before were exchanged for plain beef and mutton, with rations of salt fish. The spice box was locked up, except on gaudies. Their diet and life would have rejoiced a protectionist or fair trader, for it was strictly that of Horace's Sabine. But it must be doubted whether the protectionist or fair trader would have been jubilant with their experiences. Some small relief was given to the colleges by the Act of 1576, under which a third of their rents was to be paid in corn, at the best price of the day.

In the seventeenth century prices rapidly rose, and the mint began to coin gold extensively, mainly, I suspect, for foreign trade. Rents at last began to rise, but only as a consequence of prices, *i.e.*, on the principle of Ricardo. Payments were made by tale,

and at last a new trouble came. Towards the end of the century it was found that the dimensions of the coin were shrinking, that the silver money, a very clumsy product of the mint, was worn and clipped. Every day it was getting worse, and for a long time people puzzled themselves with the cause. Some said it was the Jews, and that Oliver the Usurper had, among his many crimes, allowed the Hebrew race to settle in England. Some said it was the goldsmiths, the commercial progenitors of our London private bankers, probably because they made money very fast. All agreed that, whosoever began the mischief, it was continued by starving wretches, who made a trade by selling the clippings. The men were hanged and the women burned by dozens. But these remedies were ineffectual. Half-crowns were clipped into shillings, shillings into sixpences, and sixpences were rapidly becoming spangles, before Parliament, which always will try punishment before it tries remedies, resolved on re-coining and reforming the currency.

There arose a great struggle. An attempt was made to degrade the currency, to put ninepennyworth of silver into a coin and call it a shilling. There were people in that day who thought, as there are people in our time who think, that the name of a shilling would be same as the fact of a shilling. But fortunately, Montague, then Chancellor of the Exchequer, had two invincible allies in the Oxford Locke and the Cambridge Newton, for the two Universities at that time possessed, and to some extent encouraged, men of proved capacity. So the new milled coin, which it was all but impossible to mutilate, was issued in full weight and fineness. It was a costly piece of honesty, for the charge was equal to two years of the ordinary revenue in time of peace. Perhaps had the charge been exactly anticipated, it would have been too much for the virtue of the nation, and the arguments of Locke and Newton. As it was, never was expenditure more wisely incurred. It maintained public faith, and it afforded an invaluable precedent.

Since the re-coinage at the end of the seventeenth century, the country has always kept up the standard of its metallic currency, and has incurred the charge of wear. It has found it possible to do this without so much hanging and burning as was thought expedient in olden days. But it has had to protect itself in an in-

direct way. It first of all made silver a legal tender up to £40 only, and subsequently up to 40s. only. It then very much over-valued silver, making it a token coin for internal circulation only, and, as I have said, for small amounts only. It has done the same with its copper and bronze coinage. This was in 1816. But before that time it had not thought of large payments in copper, and made no provision against them. When Lord Cochrane was degraded and fined £1,000 for an offence of which he was afterwards declared innocent, his admirers subscribed the amount of the fine in penny pieces, took them to the Bank of England, and obtained a note in exchange. With this Lord Cochrane paid the fine, having written an explanation of the facts on the back of the note, and some reflections on the Government of the day. The note was paid into the Bank, and is now preserved as one of the curiosities.

In 1797 the country was engaged in a very costly war. Pitt, who hired the European monarchs in succession, and made very unsuccessful bargains, was draining every sovereign out of the country to pay these people with. The Bank could find no more money, and Pitt determined to establish a forced paper currency by making Bank of England notes a legal tender. The nature and consequences of this action will be treated of in my next lecture. Of course gold was hoarded, and disappeared from ordinary currency, for Gresham's law came into full force. This state of things went on till the war was over, and longer. Then Peel, who had evidently studied the precedent of 1697, determined on restoring the metallic currency. But there were many people then, like the people one hundred and twenty years before, who thought that the name of a sovereign would carry the fact of a sovereign, and wanted to reduce the weight of the pound. It was, I am sure, during the debates on that subject that Peel thought out that famous question of his, which he put in the House of Commons, and with which he so utterly puzzled his audience. The question was, What is a pound? The answer, I am giving you my own, and I don't think a better can be given, is $113\frac{1}{8}\frac{1}{5}$ grains of pure gold in a coin. Depend on it, when you hear people talk nonsense, you can often dispose of them by asking them for a definition of the leading words they use.

Almost all nations but ourselves levy a seignorage on gold, *i.e.*, a small charge for coining. Now directly a coin leaves the country of its origin it becomes bullion, a piece of metal, it is true, of accredited weight and fineness, but only a piece of metal. Hence we never see foreign coins circulating in England. In the seventeenth and eighteenth centuries they circulated almost as freely as English gold coins, and ordinary Englishmen knew all about pistoles and gold crowns, moidores and gold ducats. Of course coinage is a manufacture, and the convenience of the product is such that it will bear the cost of manufacture. We might put a charge on the process, but we do not, and there must be an advantage in the practice. As it is, English sovereigns circulate all over Europe, and people are glad to take them, for as the English people pay all the cost of wear, the foreigner can safely take, circulate, and in their legitimate use, wear them down, with the certainty that he will suffer no loss. It is plainly very arguable whether this policy is a wise one, *i.e.*, whether we gain or lose more by our liberality. Certainly, when our gold coin gets worn, and it is terribly worn now, more than half the sovereigns, and more than two-thirds the half-sovereigns, being below the legal weight, people will discuss the seignorage question. But it always ends in the public purse bearing the loss. To be sure we have a great fund for the purpose. There is an enormous profit made on the circulation of the silver and bronze currency, and in my opinion, as I have said elsewhere, the profits on this subsidiary currency ought to be a separate account at the Bank of England, held or invested against the contingency of making good the light gold.

An eminent friend of mine, Mr. Gladstone, once asked me whether I thought currency or love had made most maniacs. I told him that I had often been in a difficulty about his question, and in my mind it could be coupled with a third cause of lunacy, the interpretation of unfulfilled prophecies. I trust in what I have said to-day that I have not unsettled any of your intellects. At the conclusion of this lecture, I must however say a word or two more about two very significant and important facts: first, the two kinds of currency; and second, the effect of foreign indebtedness on trade and the exchanges.

Every country has two kinds of currency. One of those kinds is of

very large amount, though the amount greatly varies in different countries. It is that which is needed for internal trade, the money which we carry about with us, as we want to use it, that which is employed by traders and manufacturers in their business, and that which is kept by bankers for the purpose of honouring cheques drawn on them, and for the convenience of their customers. No one knows what the amount is, for the issues of the mint are no guide, since the sovereigns may go out of the country ; we know in a rough manner, how much the silver and bronze is, but only in a rough manner, because no one knows how much of the silver has been sent back in a more or less worn condition to the mint. But estimates have been made that there is in the United Kingdom one hundred millions of gold in circulation, thirty millions of silver, and ten millions of bronze. The last two, for the reasons I have given, are rough guesses, but the third is based upon a principle.

Economists have got an excellent phrase, "The efficiency of the currency." But like many of their forms, even the best of them, it requires explanation. By the efficiency of the currency is not meant the number of economical operations a piece of money satisfies, that is, the number of times in which it passes from hand to hand, for currency may be efficient without being visible ; but the number of transactions which a given quantity of the precious metals will sustain in the aggregate. In England these transactions are very large, larger than, perhaps, in any country. But the quantity of gold needed for them is smaller than in any country of its size. In France it is reckoned that there are three hundred millions sterling of gold in circulation ; in Germany as much. But it does not by any means follow that these countries are richer than England.

The other kind of currency is that needed to secure the equilibrium of the foreign exchanges. This is known to a single sovereign, for it is to all intents and purposes in the Bank of England, and an account of it is published every Friday. It is part of what Smith calls the money of the great mercantile republic, and it flows in and out of the country with perfect fluidity, as it is wanted here or elsewhere. If we want to get it, the Bank of England raises the rate of discount. This operation makes it

more profitable to send gold here than to send bills, and the gold comes. Sometimes a country is in great straits for this money. Then it sells securities, of course at a comparative loss, and gets gold for them. It is possible that its securities may be at such a discount, that it cannot negotiate them. In such a case it must wait.

The other point is the effect of foreign indebtedness on trade and the exchanges. England is a prodigious creditor on other countries. The sum which other nations owe English people, by whom I mean the whole United Kingdom, is incredibly large. The interest on these debts is expressed in gold, payable in gold; of course it is paid in goods. But the fact that this indebtedness exists is an enormous strength in the control of the foreign exchanges. What it is on the trade of the country, on its imports, and on the inferences to be drawn from the facts, I shall show you hereafter, I hope. But the right to be paid in gold cannot but be an enormous lever. It must greatly increase the force of a rise in the rate of discount. I have good reason to believe, from conversations and correspondence which I have had with some friends of mine in the Bank parlour, that they are not as yet cognizant of the force which that engine possesses, which is virtually in their hands, as the agents of British trade. To people who study the mechanism of economic operations, who avoid metaphysics, and cling to facts, there constantly arise before their view, novelties in action which are profound and far-reaching. I am sometimes, as an economist, glad that the forms of our constitution make changes slow. One chafes at blunders in practice, one chafes at delays in the remedial process of legislation; but perhaps, on the whole, it is better to be too slow than too fast, even when we are exposing an error, or pointing out the inevitable consequences of a political crime. Of course I refer to economical errors and economical crimes. The history of England supplies us with illustrations in plenty of both.

PAPER CURRENCIES.

Ancient banking—The Jews of Asia Minor—Practices precede the mention of them—The Bank of Venice—The Bank of Genoa—The Bank of Amsterdam—Early English banking—The beginning of the Bank of England—The relations of the Bank to Government—The powers of a Bank over note issues—The Land Bank of 1696—Exchequer Bills—The first hundred years of the Bank—The crisis of 1797—Sir Robert Peel's Act of 1844—The country banks of issue.

It appears, from abundant evidence, that substitutes for money, convertible into money at the discretion of the person who, holding them, was entitled to negotiate them, preceded the invention of coined money. I have used the widest expression possible when I say substitutes for money. In the great and prolonged controversy which has arisen on this subject, and has not perhaps been concluded by any propositions which command universal assent, much debate has arisen as to what substitutes for money are to be accepted as performing equally effective functions in the world of commerce and exchange. The debate or dispute is due in great measure to the views which have been taken as to the State regulation of subsidiary currencies, and to the reasons which have been alleged for such an interference with free action in such matters. If the regulation of all such substitutes is to be assigned to the State, it will be plain to you, in the course of this inquiry, that the action of the State would seriously incommode commerce, while, if the regulation is to be applied to some forms of substitution only, many of the arguments which have been alleged as conclusively proving the necessity of legislative supervision will be invalidated, though some,

in my opinion quite as forcible, will remain unimpaired in their cogency.

I stated in my last lecture that modern research has shown that the Babylonian bankers employed instruments of commerce which were, to all intents and purposes, substituted currencies. The private orations of the great Greek pleaders are full of information as to the existence of bankers in the Greek cities, and of the circulation of bills of exchange between such bankers as were in correspondence with each other, and had understandings, as to the negotiation of such instruments. No doubt then, as now, liabilities were expressed in money, either by weight or tale, and in theory the debtor, on completing the transaction in which he was engaged, was under the obligation in theory to provide at Athens or Ægina, at Corinth, at Carthage, at Tyre, or wherever else he purchased, the coins or bullion in which he expressed his debt. But in practice, and from early times, even times of prehistoric trade, the practice was different. The purchaser had his debtors, to take the simplest form of these transactions, at the city where he had bought, and had previously sold. He transfers his debtor's liability to his creditor. From this it is only a step to transfer a liability in another trading centre, with which that in which he deals has commercial correspondence. When the next step is taken, and particular persons make it their business to bring together these debts, to negotiate them, and to balance them, the chain is complete, and the system under which trade is carried on in our day, and was carried out in the remotest ages of trade, is completed. Delay, risk, trouble are avoided, and you are well aware, I trust, that in every economical operation, they who are engaged in it do their best to avoid to the utmost all unnecessary cost and risk. We may be sure, then, that the use of letters of credit, of bills of exchange, of commercial transfers from account to account, are as old as commercial civilization is, and far transcend in antiquity all surviving records. The origin of the intercourse between Tyre, Carthage, and Cadiz or Gades, is lost to history. But it certainly existed in fact, and in the form which I have sketched. It is not remarkable that the record has been lost. Commercial transactions lose their interest as soon as they are balanced; and, in fact, it is only owing to a peculiarly barbarous tradition, I can hardly call it a principle, of

the English courts of law, which endured to less than two generations ago, that England possesses so extraordinarily large a record of bygone business transactions. I am alluding to the old rules which regulated or defined title by prescription. If economists lay down principles to which they claim assent, they must allege that they come under the rule, *quod semper, quod ubique, quod omnibus*. But the facts which confirm these utterances have to be sought, and are not always easily found.

Cicero's oration in defence of Flaccus, who was accused of extortion in Asia, gives incidentally some hints as to the movements of specie, under the agency, as is obvious, of Jewish bankers or bullion dealers. It appears that Flaccus interfered with their business by prohibiting the exportation of specie from Asia Minor, and that the prosecution laid great weight on the praetor's misconduct. Of course we do not know from the apologist what was the precise action of the praetor, beyond inhibition and confiscation. It is pretty certain that the charge made, that the gold was to be sent to Jerusalem, is an exaggeration, and that Cicero is trying to evade the issue by appealing to Roman contempt for foreign rites. But he, no doubt, states the fact when he alleges that these movements of specie were carried on by the Jews, nearly sixty years before our era, not only in Italy, but in every province of the empire, and that to interfere with these transactions was to provoke powerful enemies, not, I conceive, so much among the Jews, but among those who recognized the advantage of this bullion trade. In the nature of things these transfers must have been assisted by commercial instruments.

The Greeks called a banker, *τραπέζιτης*; the Romans, *argentarius*; and there are numerous references in Greek and Latin authors to the trade and customs of these persons. After the conquest of Egypt they were particularly numerous at Alexandria, then the most important commercial city of the Old World, and, it would seem, the centre of such trade with the remoter East as was carried on in those distant times. But with the violent destruction of the old civilization, and the reduction of nearly all Europe to barbarism, the old system is forgotten, and reappears, as might be expected, in Italy, as one discovers in the exceedingly copious records of Muratori. At some later period I hope to explain to you in some

detail what was the position of the Italian city in the early Middle Ages. My information will come principally from the author to whom I have referred. I have little doubt that this commercial system, undoubtedly in a very shrunken form, survived in Southern Italy the incursions of Saracen and Norman, and that it may be possible to trace the commercial law of the remotest ages in the records of those trading cities. But at present I must confine myself to the development of modern banking, *i.e.*, the trade in substituted currencies. You will understand that a substituted currency is one which is made to perform the functions of money for a longer or shorter period. Its agency may be momentary or prolonged. Its conversion into money may be immediate, or be deferred.

Individual enterprise, in matters of business, almost invariably precedes partnership business; partnership business precedes joint-stock enterprise. Joint stock precedes State enterprise. But the beginnings of all enterprise are generally obscure, and almost invariably unrecorded, for, as I said just now, the interest in a commercial transaction expires with its completion. Hence we may be sure that when action like that on which I am commenting attracted the attention of the contemporary annalist, it had long been preparing, and possibly long in action. Besides, a successful process is a trade secret, or a source of personal profit. If, as some persons suggest, perhaps with an imperfect acquaintance with human nature, the State is so successfully manipulated, that competition is proscribed, you may be pretty certain that competition will reappear under the mask of secrecy. I am well aware that men are misled by names, but we economists, and with reason, distrust all names, and, while we are in possession of our wits, refer ourselves to things. Again, as society is rude, violence is a recurrent risk, and success is doubtful, imitation is slow. You will find, especially in monetary science, and particularly in that branch of it which I am handling this morning, that the wisest and most useful conclusions, fortified by abundant experience, are very slowly adopted by other nations than those who have tried and proved them. Had I time, I could point out to you how many instances can be found, in the economical history of nations, in which one State has progressed rapidly, and others have gazed on them with amazement, imagining that

there is something preternatural in their doings ; and, again, how many instances there are in which they who know what is best to be done for their fellow-countrymen, appeal in vain to these facts, which cannot be discerned by those who are blinded by the twin forces of ignorance and science. To the votaries of these obstructive forces, secrecy is opposed. You will therefore understand that, when I give you an early date for an economic practice, I give you the date of observation, not that of origin.

With this caution, then, I may say that the State Bank of Venice, the earliest of these modern institutions, was founded in 1171. This was during the time when Pope Alexander III. was engaged in a perpetual quarrel with Barbarossa, and the two Italian factions of Guelfs and Ghibellines were being consolidated. Now Venice, which cared nothing for Pope or Emperor, except in so far as it could get advantage from either, had at this time almost a monopoly of trade with the East. Other nations had fought the Crusades, and founded the kingdom of Jerusalem, but Venice traded with Christian and paynim. The city grew rich and powerful, and you will often find that when people are rich and powerful, their orthodoxy, and even their morals, are not weighed with exceeding scruple. At this time many hard things were said of the Venetians, but everybody, especially those who had need of their services, financial or diplomatic, had dealings with the Venetians. They took all currencies that came to them in course of business, and they secured a profit on all the business they did. I should weary you if I gave you a tithe of the names which belonged to the coins then congregated at Venice. They were more numerous than the nationalities, for the style or effigy of many a forgotten monarch, from Bactria to Mauritania, from the caliphs of Spain to the dukes of Moscow, were in the Venetian treasury.

Venice took, sorted, valued, and discounted them all. An experience of the gain derived from these processes led them to the discovery of giving a ticket to depositors who were waiting for purchases or sales. It is not wise to carry much money about with one, even in these days, it was less wise in those days. Very soon the ticket, really a warrant, implying that the depositor had a right to the coins specified or endorsed on the document given to the depositor, was found to be as good as cash, even better, for it was

a better security. Very soon the Venetian note bore an agio or premium, and a bank of deposit was formed. Very soon the bank, to encourage deposits, gave privileges to its customers, or, which is the same thing, put disabilities on those who were not its customers, as, for example, they declined to permit bills of exchange to be negotiated or discounted, except at their bank, or stayed process against the acceptor of the bill, that is, the person liable, until his bill was protested, that is, the non-fulfilment of his obligation was sworn before a notary public, that is, one of their own licensed officials. The Queen of the Adriatic soon learnt how to give stability to its own institutions, and to suggest instability on those which were not its own. But I need not follow the fortunes of the Bank of Venice.

We get on more solidly chronological ground when we come to the Bank of Genoa, founded in 1407. At this time, the Western world, or rather the potentates of Western Europe, were near on reducing the Pope, who had so long terrified them, to the condition of a nominee, holding office during pleasure, nominally of a general council, really of themselves—for laymen sat in the councils of the early fifteenth century. The scheme failed, for reasons on which I need not dwell here. To some extent the Pope recovered his own, though never to such an extent as to make an anti-pope a practicable expedient. But the power of the kings increased. It was just the time in which a bank on the Western Coast of Italy had good prospects of business, and the Genoese chartered a company for the purpose, gave it immediate privileges, and gradually increased these privileges. At last the Bank of Genoa became an *imperium in imperio*, which made conquests of its own, and negotiated independently with foreign Powers. It existed as a shadow down to the end of the eighteenth century.

The Bank of Genoa was not one of deposit. It did not purport to secure to the depositor the exact moneys which it had put into the Bank, earmarked, so to say, for him. It took his money, gave him an acknowledgment in the shape of a note, which was transferred from hand to hand, pledged its credit that it would repay him on demand, and traded or made acquisitions with its own capital and that of its customers. Through the fifteenth and sixteenth

centuries the Bank of St. George was and remained a very thriving undertaking. The trade with the East through Alexandria was very prosperous during the fifteenth. The Western Mediterranean, to all appearance, became exceedingly rich and powerful during the sixteenth. The gift of Borgia seemed inexhaustible, and when, under a succession by marriage, Philip II. got possession of Portugal, with its vast Indian possessions and their illimitable resources, Philip and the Inquisition seemed destined to dominate in Europe, and become the masters of the human race. To discount the bills of so rich a potentate as Philip seemed to be good business. Spinola told the Genoese it was, and the Bank and the merchants competed for Philip's paper. I know nothing which would interest me more than to discover the rates at which they discounted it. They were probably high, at least Philip said so, when he repudiated his debts in 1596, ruined the Bank, ruined the merchants, and left Spinola as best he could to finish the siege of Ostend. In war, especially in a war which supports itself, everybody but the warrior may be ruined. This unequal arrangement still subsists.

Philip, as we all know, was impoverished, and with him the country which he misgoverned, by his attempt to subjugate the Dutch. The resistance of Holland was infinitely more significant than the resistance of Athens more than 2000 years before. The collapse of Philip was far more complete than the collapse of Xerxes, for it took near fifty years of his and his son's reign, and was of infinite value in training the Hollanders. Towards the very end of the struggle the Dutch determined on establishing a bank. They did not, in 1609, take the precedent of Genoa, for its experiences were not encouraging. They also established a bank of deposit on the model of the old Venetian bank, and shortly afterwards, Hamburg, the only Hanse town which retained its old prosperity, followed the Dutch example. It will be remembered that at this time Amsterdam was the Exchange of Europe, as Venice had been during the time of the Crusades. It rose by its own heroism and strength, and on the ruin of Antwerp: I regret to say that England, which owes more to the Hollanders than it does to any other race, never ceased intriguing till it ruined Holland and the Bank. The process was aided by Dutch unwisdom. The Dutch,

for reasons into which I cannot now enter (though the burgomasters of Amsterdam and its council took oath annually that the treasure was intact, and were confirmed by the evidence of 1672, when the De Witts were murdered, and there was a run on the Bank, but the treasure was found intact), borrowed the capital in the succeeding century for the Dutch East India Company. When the French invaded Holland in 1795, and perhaps expected the reward of patriots in the cellars of the Bank, they were found empty. But Adam Smith, when he wrote his "Wealth of Nations," thought that an account of the Bank of Amsterdam was more interesting than that of the Bank of England, and got Mr. Hope, a Dutchman of Hebrew descent, and ancestor to some distinguished English Churchmen, to give him a "digression" on it.

Private banking preceded, as usual, joint-stock banking in England. In the seventeenth century the wealth of England was centred in London. The goldsmiths, members of the most opulent and enterprising of the City Companies, who had lent much to Charles, became wealthier under the Protectorate than under the monarchy. Cromwell's government was strong, and strong governments seem to be safe, while safe governments attract the wealth of the timid. Already during Cromwell's reign the project of a Corporation bank was mooted, and the Bank of Amsterdam was the obvious model. But corporations in a republic are much more secure than corporations under a monarchy. During the Protectorate the London Corporation was respectable, and remained respectable for a century or more after the Protectorate. But, as the surrender of the Charters proved, it was not safe. The opponents of the Bank of England were never tired of saying that a public bank and monarchy were incompatible. They certainly were if the monarch was a Stuart. With these people nothing was sacred, nothing safe. In 1638 Charles I. stole the money in the Mint, £204,000. In 1672, Charles II. stole the money in the Exchequer, £1,328,526. The father paid the money back, for he found that it would be unwise to keep it. The son, who, Rochester said, never did a wise thing, neither paid principal nor interest. In such times, and under such kings, it would have been as unsafe to estab-

lish a bank as it would have been to entrust the Exchequer to Falstaff. The only chance for a bank was a revolution. It came in 1688.

No doubt the project of founding a joint-stock bank in London was in every one's mind as soon as the Government was settled, and James was driven from Ireland. But the projectors of the institution might well have hesitated. The business of banking, and that a very lucrative business, was in the hands of wealthy men, who had a common interest in keeping it. The bankers, then called goldsmiths, took the money of such among their customers as wished to find a safe place of deposit—no easy discovery, for after the Restoration London swarmed with footpads and highwaymen—and gave acknowledgments of the deposit in the shape of notes. These notes passed freely from hand to hand, were indeed a favourite instrument of business and trade, as they were portable, were easily traced, and, if they fell into wrong hands, could at least be stopped, and very probably recovered. The goldsmiths soon discovered that they could issue notes, the amount of which was far in excess of the money which they ordinarily held, if the issuer was known to be solvent, and could thus carry on a business by their own credit. This peculiarity of the new system was perfectly well known and recognized at the time, as may be gathered from contemporary pamphlets. But besides the profit derivable from these issues of credit, which fulfilled to the goldsmith and the trader all the functions of money, these persons derived a very great profit from the discount of foreign bills. The exchange between England and Holland was subject to very violent fluctuations, fluctuations which seem incredible to modern experience, as they are without parallel in recent times. But two centuries ago, the chances of exceptional profit, especially in foreign articles, was very great. Within a few months such an article might rise to a price treble that at which it ordinarily stood, and though the trader might be certain that it would not fall below a certain rate, the speculation in a rising market, if the trader had money or credit, was generally safe, and might assure a gigantic profit. With such prospects, the trader might endure complacently such a rate of exchange on his bills as would be ruinous to his modern successor. For example, the chief

supply of saltpetre was from the East Indies. Its price was open to great changes, as the demand of war, or the safe return of the East India ships were announced. It more than doubled in price in a week. Now the trader who knew what ships were afloat might reasonably calculate on his profits for a time, and might, if he were quick, get a monopoly of the market. It was by such bargains that the great fortunes of this period were made.

The exigencies of the Government were the opportunities of those who were projecting the Bank, and Montague, who had ulterior motives in encouraging the projectors, was quite ready for negotiations in 1694. William had determined if possible to rival the victory of La Hogue by a land campaign, and had planned the siege of Namur. But the expenses of the war were great. The country gentlemen had granted the land tax, then a great sacrifice. Montague raised a million by a lottery, and gave a charter to an incorporation of bankers, on consideration of a loan, to be raised within a brief time, of £1,200,000 at 7 per cent. The whole was subscribed in a few days. The new incorporation received deposits and issued notes, in imitation of their rivals, the goldsmiths. They expected to pay their dividends from the interest paid by Government, from the profits of their own issues, acting as money, from the employment within safe lines of their customers' deposits, and from the discount of bills. In short, they strove to get hold of the goldsmiths' business, and they had to expect, and did experience, the goldsmiths' enmity. This is not the occasion on which to deal with the early struggles and rapid success of the Bank of England. I have told the story of its first nine years in a volume recently published, the occasion of which was my discovery of a price list of Bank Stock, printed weekly in Houghton's Collections. The Bodleian Library has a perfect copy of this remarkable periodical. The British Museum, as I found from a recent inquiry, has only an imperfect copy. I suspected that the National Library was, in this particular, not so well off as we are, from the slighting manner in which Macaulay treats Houghton's labours. It would have been of great value to the historian if he had seen the Bodleian copy.

The peculiarity of the government of the Bank of England, from its inception and for many years after its business commenced, was that the management was entirely in the hands of Whigs and Dis-

senters. Sir John Houblon, the first Governor, two of his brothers being in the direction, was the descendant of a Flemish refugee, who had fled to England from Alva's persecution. From the correspondence of Pepys, preserved in our library in the Rawlinson Collection, it is clear that Houblon was a general, but especially a timber merchant, for though Pepys chiefly writes to him about ship stores, he gets him to perform certain commissions, chiefly in dress, for Mrs. Pepys, the lady whom he appears to have treated with great consideration, though he writes of her with much disparagement. Holland, though it grew no timber, was the principal mart for this produce, and like genuine traders, the most patriotic Hollander thought no scorn of selling materials of war to Philip of Spain and Louis of France. They believed, and quite correctly, that they could sell them the goods, and maintain war on a portion of the profits. We did the same by the first Napoleon during the great Continental war, and with the same results. Napoleon put impediments in the way of procuring stores for his own troops, and thereupon secured a higher rate of profit for the English manufacturer and merchant. There are several other names, manifestly of French or Flemish origin, in the first list of directors. Now, though the days of active persecution were past, disabilities were put on Nonconformists, and humiliations were inflicted. In consequence, the London Dissenters became a virtual corporation, which acted with a common purpose, had reciprocal sympathies, and gave mutual aid. Macaulay, you may remember, has shown how much better were the prospects in the professions and in trade of those who stood in with Nonconformity. The Nonconformist minister exercised far more influence than the Anglican divine did, the Nonconformist trader was more sure of help and consideration from his wealthier co-religionists than the shopkeeper did who affected Episcopal ministrations. This is always the result of persecution, when it does not go to extremes. It unites its objects into an organization.

The directors, too, were Whigs, not of the school which made alliances with their opponents in order to keep office, as the Whigs of 1710 did, or maintained a sulky opposition to their old leaders as the Whigs of 1730 did, but downright faithful adherents to the principles of 1688. The critics of the Act of 1694, under which the

Bank of England was first constituted, provided, fortunately for the institution, that the advances that might be made to Government, beyond, as it appears, such ordinary banking facilities as were accorded to all customers, should have the sanction of Parliament, the violation of such a regulation being visited with a heavy fine. Hence the Bank could always plead inability to make large advances by the terms of the Act under which the Bank existed. When, in 1797, Pitt nearly ruined the Bank and its credit by excessive demands on its specie, under the form of advances on public securities already created by parliamentary grants, he strained the principle of the Bank Acts, if he did not violate the letter.

The political relations of the Bank of England to the Government, as soon as ever, under its second charter, it had conferred on it a virtual monopoly of joint-stock banking, were of singular importance in the development of the parliamentary system which was formulated in 1688. There was only the form of a representative assembly; the duly elected members were outnumbered by those returned from the close boroughs. But the Bank of England became the financial agent of the Government, and in no slight degree its financial master. It was, indeed, from time to time, compelled to accept disadvantageous terms, on the renewal of its charter at successive periods, for it overvalued its power of issue, and the advantage which its apparent monopoly gave; but the Bank directors knew that the Government of the day could not break with it, or dispense with its services. The fortunes of the Bank were bound up with the fortunes of the Act of Settlement, and there was no fear that a correspondent of the Stuarts would be found in the Bank parlour. It thus wielded a silent, secret, but most effective authority. Addison illustrated, in one of his cleverest "visions," how the Bank of England was identified with English credit. The Bank negotiated all the loans of the eighteenth century, and was the agency by which the good faith of Government was assured.

From the very first, the Bank possessed and exercised the power of discretionary issue. Its note was not, and never purported to be, a warrant entitling the holder to recover the exact and literal value received, the very same coins which had been deposited, and were originally made the security for the note. It always professed to trade with the customers' money, only engaging to refund to

these customers at their discretion, the cash which had been entrusted to it. It had, of course, to learn within what limits it could use its customers' balances, and more difficult still, to determine the extent to which it could, when required, make advances from these balances on public securities, actual or prospective. Its notes, too, were of large denominations, and were therefore generally employed, if not almost entirely, in mercantile transactions, especially in the transmission of credits, operating as short dated bills of exchange.

Now I have told you that no country ever retains a larger amount of metallic currency than it finds necessary for the transaction of its proper business. The private individual takes money to spend or to hoard or to invest, in some interest or profit-bearing security. If it is spent or invested, it passes away from the individual to those whose interests, say, as traders, is to make money yield as rapid a profit as possible. If it is hoarded, it is withdrawn altogether from circulation, and as long as it remains in this form, it is virtually extinguished as an economical agent. Now what is true of a metallic currency, is true of a substitutive or subsidiary currency. No man keeps more of it than he wants, and society collectively circulates no more than it wants. To keep it needlessly is to incur a superfluous risk to the ordinary holder, to decline the chance of profit to the manufacturer or trader. The ingenuity of modern society is turned in all directions towards making its metallic currency as efficient as possible, and it strives with equal assiduity to make its paper currency as efficient as possible. It follows, therefore, that bankers cannot put more paper money into circulation than the public need. If they make an excess of issue, the excess comes back instantly to themselves, as the parties responsible for the engagement which the note implies. Again, if the community requires more paper currency than the banks are able or willing to give, either by legal restraint or by caution, the community will discover some paper substitute, which it will employ in lieu of notes. Thus, fifty years ago, bills drawn by the Manchester house of Jones Loyd and Co., on the London house of Jones Loyd and Co., performed all the functions of a note currency in Lancashire, and brought no small profit to the ingenious firm, of which the head was the late Lord Overstone.

It is sometimes alleged that paper currency has as effective an influence over prices as a metallic currency is admitted to have. But this is an error. Gold and silver influence prices when they are adopted as co-ordinate currencies in proportion to the cost at which they are acquired, the cost of acquisition being also affected by the cost of their production, when that cost conforms to the ordinary conditions under which industry is carried on. But neither cost of acquisition nor cost of production affect, to any sensible degree, the value of a note. Notes are the representatives, the reputed equivalents of metallic money, and their acceptance and circulation at the full value of what they represent, depend on the conviction that they can be changed into money at the pleasure or convenience of the holder. If they cannot be so converted, and still keep up their full credit, as happened during the first eight or ten years of the Bank restriction of 1797, it is due to the fact that the public knows them to be amply covered, and therefore agrees to use them as currency at their full nominal value. If such an issue is in excess, or is not sufficiently covered, the note is sure to be discounted, as happened during part of the last ten years in which the restriction endured.

But it is said, by virtue of discretionary power of issuing notes, a bank can practically coin money, and so by supplying an excess of money give occasion to wild speculation. This is a confusion between money, paper and metallic, and credit. If a bank could coin metallic money, it could as soon create an excess as it could by issuing notes. It would do nothing by such an act. If the money were in excess it could go out of the country, if the notes were, they would come back to the bank which issued them. No power can make any people take and circulate more money than they want. Of course I do not mean that bankers should be allowed to circulate what paper they please. Every bank which circulates paper, nay, every bank which takes deposits and trades, should be constrained to prove, by an independent audit, that their assets entirely cover their liabilities, and the surplus of assets over liabilities, on the faith of which their customers deal with them, and other than their customers take their notes, should be as accurately expressed and published. The failure of the Greenways' Bank exhibits the difference between a real and sham audit. I

will tell you before I conclude this lecture why a sham audit was permitted under the Act of 1844.

Banks can assist a rash speculation by granting indiscreet credit, though there is less likelihood that they will do so than other traders will, for it is a fundamental rule in banking to deal with easily convertible securities only. Thus a bank will discount a three months bill having known names on it, because the security is short; it will not advance money, if it be wise, on the mortgage of real estate, however ample the security is, because the term is indefinite, or in banker's language, a mortgage is a dead security. But banks may be deceived by fraudulent bills, or may be under the impression that the return will be quick, when it turns out to be delayed, or they may give credit to those whom they believe to be solvent, when they are not so. Credit may then raise prices, but it does so only because it is believed to be money, or to have money behind it. Generally, however, if not universally, the rising market precedes the indiscreet grant of credit, for the prospect of exceptional profit must needs go before the attempt to gain it. I do not deal with the cases in which credit is continued, after it is shown to be undeserved or incautious, where I mean the banker thinks that he can by timely help recover what is in danger. The effort is seldom successful, and is technically called throwing good money after bad. Nor do I deal with fraudulent banking on the part of the banker. This is a crime, though it is not punished always as it deserves to be. I am speaking of business carried on by honourable and prudent men.

Neither note issues nor credits can be based on anything but money, or upon securities convertible into money with the least conceivable delay. Suppose, for example, that a bank has liabilities in the shape of customers' balances, and notes to the extent of a million. It should have one-third of its liabilities ready at hand, in the shape of money, of Bank of England notes, or of deposits similar to those of its customers in the Bank of England or at call. It may have another third in Government stocks, on which it can borrow if it needs, or sell. It may have advanced the residue on commercial bills, which in a strait, are also negotiable though not as speedily or as safely as the securities which I have referred to. It ought, besides, to have its own property and its

own reserves. I have given you only a sketch of what a bank might do with wisdom. But there are occasions on which it might as wisely vary the distribution of its assets, and in the interpretation of these occasions, but always with the knowledge that it must secure itself, the practical judgment of the banker resides. At this stage, I must leave the economical view of the subject, in connection with which are many problems, and return to the historical particulars before me.

The Charter of the Bank of England was issued on July 24, 1694. It began its business about the middle of the August following. During the first two years of its existence, when its charter was incomplete, it was subjected to three very serious strains. These were the state of the currency, the project of the land bank, and the straits to which it was put by unwisely advancing too much of its cash on Government securities. The first of these difficulties was met slowly, and, as far as the Bank was concerned, grudgingly, by the recoinage; the third by an exposure of the Bank's affairs in Parliament, by the evidence afforded by its solvency, and by the wisdom which for a hundred years guarded against the recurrence of the risk. On December 4, 1696, the issues of the Bank were £1,657,996 10s. 6d., and its cash in hand was only £35,664 1s. 10d. It had practically lent this disproportionate sum to Government by anticipating the payment of taxes, an act of incaution which, unless its banking business were to be given up altogether, nothing but prudence could save it from. The second of these causes, the temporary rivalry of the land bank, requires a somewhat longer comment. The land bank is an illustration of the error into which human societies are apt to fall.

If I have made myself at all clear, you will have seen that a paper currency will be accepted and used as money only on the understanding that it may be changed into money at the pleasure of the person who holds it. It may be the case, and it constantly is the case, that the actual amount of paper money in circulation is greatly in excess of the known gold which is held to meet it, though it never in a well-ordered community with a convertible paper currency nearly equals the amount of gold which is actually circulating in the country. If, however, one includes in the paper currency, the cheques and bills and other instruments of credit,

mature and immature, the paper put into circulation in a commercial country is greatly in excess of the gold which is reputed to cover it. But this makes no one uneasy. The extent to which metallic money is made to support other instruments of credit indicates the efficiency of the currency, and the extent to which gold is demanded for notes is a calculable average, more interesting to the bullion dealer and the bill discounter than to the ordinary Englishman, who is satisfied that he can get what he wants in the way of money as he wishes. In short, additions to the stock of gold in domestic circulation are temporary, dependent on easily ascertained causes, and therefore anticipated. But though the power to get gold may not be exercised, the power must be recognized and must be respected.

Now from seeing how great a mass of business may be done with but little metallic money, people begin to conclude that one can do without it at all, and can substitute in the place of it every interest-bearing security, such as a public fund, or a highly desirable kind of property, such as recently was land, for the rent of land from the beginning of the seventeenth to the last quarter of the nineteenth had been regularly rising in amount. "Why not then," persons argue, issue notes on the security of Consols, or on the land of the country? The security is indisputable, the pledge stable, the basis of the security bears a revenue, while gold, do what we will, yields in itself no revenue, and, as you economists say, eludes all efforts to forcibly detain it. Surely stocks or land are a better security. Do not your own bankers invest their balances in stocks, rather than accumulate barren money?"

To this the answer, and the sufficient answer, is, that people will take and circulate notes because they know that they can get gold for them. For a £5 Bank of England note I can get five sovereigns, when I want to get them. If instead of five sovereigns, I am offered by the bank which issues the note £5 worth of stock, or land, what I receive in exchange is of no use to me unless I sell it, and so take upon my shoulders a second transaction, certainly of a troublesome, possibly of a risky, character. After the example of Master Dumbleton, I like not the security, and no one—unless he were a conscious or unconscious swindler, and Sir John Falstaff, I fear, was intended to represent the former class of

adventurers—would press it on me. As to the land bank of 1696, the scheme possessed every blunder which crazy heads could have invented, and it would not have had currency for a day, had not the country gentlemen and Tories, who hated the Whigs and the Dissenters, imagined that they could get money easily, and ruin the psalm-singing, snivelling, Puritan usurers of Grocer's Hall, which was then the habitation of the Bank of England.

In the darkest hour of the Bank of England, in the spring of 1696, when the Tories were pressing forward the land bank, and were prematurely glorying in the certain success of a swindle, Montague contrived to procure a power to issue on behalf of the Government what were virtually bills of exchange, bearing a fixed rate of interest, and secured upon anticipated revenue, and redeemable at a given date. These are called Exchequer bills, and they remain to this day as a Treasury expedient with which to keep a balance in the Treasury by their circulation. It was, and is, in their capacity of bills of exchange, that they are first-class banking securities. In this manner they perform the functions of currency, render that whose functions they perform more efficient, but do not affect prices.

For a hundred years the Bank of England performed notable functions. I cannot follow them in this lecture, which is only intended to give an outline of the principles on which banking is carried on, and, according to my custom, to illustrate what I have to say by historical parallels. During this century, it became the centre of trade and credit, was to successive Governments a permanent ministry of finance of an invaluable kind, and was an adviser; sometimes an ineffectual adviser of prudent counsels. Of course it made mistakes, but it gained wisdom for the future, and accumulated that prudence, invaluable in public business, which comes from practical experience. As long as the Bank adheres to its traditions, it is of no consequence to know what are the present politics of its directors. It holds a place which is not above party, for party is the eternal struggle between good and evil, but apart from party, because there is no doubt, to use a logical expression, about either its major or minor premises. But the Bank of England is the glory of the Revolution Whigs of the better

school, and not of them only, but of their best type, the London Dissenters of that period.

Close upon a hundred years after its first great crisis came the second. I am referring to the events of February 10, 1797. The Bank had made prodigious loans to Government, for the younger Pitt was straining every nerve to keep up, at the expense of England, the policy which he thought proper to adopt in 1793. I have, to be sure, very strong opinions about that policy. His contemporaries, especially those whom he favoured, called him a heaven-born minister. I am afraid that I must assign his place of origin to a lower region, for it would be a strange heaven in which his policy would be acceptable. Again, Pitt anticipated taxes, which, in that epoch of most atrocious finance, he was imposing, and on the date given, or rather on February 26th, the floating loan to Government was £7,586,445, and the cash in the Bank's hands £1,272,000. We were engaged in subsidising the German princelets. I will not touch here on the policy which was deemed necessary, the suspension of cash payments, the order in Council that the Bank of England be ordered to forbear any cash in payment of its notes. This needs a lecture of its own, to be postponed. At present it is more important that you should learn the principles. We shall have hereafter to criticise the particulars. As the old logicians used to say, we are dealing with the analytics now, we shall have to handle the topics hereafter.

No subject was more hotly debated during the suspension of cash payments, in effect enduring for twenty-two years, than the policy of the Government and the Bank. The latter would and could have resumed cash payments easily during the epoch of suspension, but the Government believed that they had an important engine in the paper currency, which they must keep in their hands. Meanwhile, gold disappeared, was hoarded, held by the Bank and exported. The only circulation was one-pound notes, worn silver and copper. The advocates of an honest currency were thought to be disaffected, as the Wall Street gamblers in American soft money tried to urge that the advocates of good money were. Foiled in this calumny, they got a well-known Oxford professor to lecture in New York on the lofty patriotism which swindled manufacturers and workmen. America is a very free country.

Some of its public men, and with impunity, make free with the ten commandments, and seek for the approval of political economy. When they did me the honour of approaching me, I gave them no compliments. The advocates of an honest currency got the Bullion Committee appointed in 1810. The Committee reported, what Mr. Vansittart—perhaps, after Dashwood, the most absurd Chancellor of the Exchequer who ever filled the office, I do not touch more recent examples—neglected. Lord King insisted on his tenants paying in gold. His son, my late friend Mr. Locke King, told me that he did this because one of his tenants was a Bank director. Then came Vansittart's motion that the bank-note had not fallen in value, but gold had risen, the climax of financial folly; and Lord Stanhope's motion of July, 1811, making it illegal to pay or receive gold at less than its nominal value, the climax of financial injustice. I only touch briefly on that which I hope to treat in detail hereafter.

I must in the same manner, and on this occasion, only deal superficially with the famous Act of 1844. Sir Robert Peel was under the impression, gathered, not unnaturally, from the action of the Bank during the suspension, that bankers could issue excessive numbers of their notes, and thereby stimulate rash speculation. Perhaps they can, under an inconvertible currency; but even here the infallible barometer of the discount to which the note is subjected, leaves even this an arguable question. Now he could deal with the issues of the Bank of England. The London bankers had long since abandoned the issue of notes, and had invented, to the great advantages of commerce, and monetary transactions, the system of cheques. Peel therefore resolved, acting mainly on the advice of Mr. Jones Loyd, afterwards Lord Overstone, Colonel Torrens, and Mr. Norman, to alter the constitution of the Bank of England—Lord Overstone having made the main of his fortune by a process which he now urged should be illegal. He divided the Bank of England. The issue department he refounded on the principle of a bank of deposit, taking away from the directors the power of discretionary issues, and making the number or value of existing bank notes an automatic quantity, partly based on public securities, partly on bullion in the Bank cellars. He left the Bank to carry on its banking business at its

own discretion. He ordered that a weekly balance sheet of the Bank's financial position should be published, and in this, I think, he acted wisely; for all financial knowledge, if the account be not cooked, is of high practical value. He permitted, in case country banks abandoned their business or failed, that the Bank of England should be entitled to add their issues to its own.

The expedient, as a means for checking what Peel deprecated, failed. Within a year or two after his Act, he had to authorise an excess of issue on the authority of the Administration, and get a bill of indemnity for his action. This has happened since, time and again, and the periodical suspension of a law seems to me to be the most serious criticism which can be brought against its efficacy. Of course the ingenuity of finance can always baffle the most peremptory enactments, and in spite of Peel's Act, perhaps in consequence of it, the development of the system of paper substitutes has been rapid and remarkable. But I have not space or time on this occasion to prosecute an inquiry, either into the Act itself or into the remedies which have been suggested for its amendment. I ought, however, here to say, that though I think meanly of Ricardo's theory of rent, conclude that his speculations on value are metaphysical rather than practical, and see great difficulties in accepting his canons on over-production or what were called general gluts, his authority on all matters of monetary science is of the highest. Here, like the Juno of Virgil, he was at home and master.

A few words on the country banks. Peel limited their issues to their average amounts at the date of his Acts, and prohibited new country banks from issuing at all. But he took no steps to secure evidence of their solvency, insisted on no independent audit of their assets and liabilities. The fact is, the country bankers were the social and political despots of the small boroughs, and in Peel's day these small boroughs were the supports of his party. To have affronted the country bankers, to have exacted pledges of integrity from them, would have been to imperil the maintenance of Conservative principles among those who aided the party at Westminster. Whether after its disruption by the adoption of free trade principles in 1846, Peel, had he returned to office, would have amended the Act of 1844, in the direction which I have

indicated, is a problem which his premature death in 1850 has made insoluble. In this direction of monetary reform no successor of Peel has gone, though I have reason to know that changes have been contemplated, and perhaps, too, not in the remote future. Perhaps, also, a recent and flagrant failure will stimulate the reform. It cannot come too soon.

THE ORIGIN AND PROGRESS OF ENGLISH PAUPERISM.

All economic utility a resultant of cost—The power of human energy over nature indefinite—Present and manifest impossibilities illustrated—The coal famine of 1873—Possibilities of production to the acre—The saving of labour and cost—The recipients of profits—The position of rent—The wisdom of the rent-receiver—The causes why wages were depressed—The magistrates in Quarter Sessions—The Acts for the relief of the poor—The defence of such Acts—Parochial settlement—The close and open parish—The eighteenth century—Arthur Young's comments—The Speenhamland Act—The origin of the New Poor Law, and its effects.

I MAY I trust assume that you know and realize that the production of wealth, *i.e.*, the bestowal of utility on matter, by intelligent labour, is limited only by the laws of nature, by which I mean hindrances of a physical character put upon the process by which those utilities are induced. Some of these hindrances are obvious. To give motion we must incur cost. You cannot put the human machine in motion, or any of those substitutes for human labour which ingenuity has developed, without expenditure, the expenditure of that which has been acquired by previous labour. Even those natural forces which man has pressed into his service, the force of running or falling water, of the winds and the tides, are of no avail, unless man appropriates them by mechanism, which represents the expenditure of previous labour. So again, however much you may diminish its effects, you cannot overcome friction entirely, especially in its most obvious form, the resistance of air to artificial motion. But, on the other hand, though we

know that there are limits to the power of man in the application or adaptation of natural forces, we do not know and cannot tell what those limits are. Every year discoveries are made which set those limits further back, inventions which make that easy and familiar which at an earlier time seemed impracticable and impossible.

Now before I go further with the subject which I am treating to-day, I may say that nothing is more barren, arid, and metaphysical, than the discussion as to which is prior in existence, capital or labour, and the collection of inferences to which you must expect a very easy reply. All capital, like all wealth, is the product of previous labour, and it may be readily conceded that all capital, however rude its form, or simple its kind, must have been a resultant from a previous satisfaction of natural necessities, and from an intelligent consciousness that the labour of creating it would shorten or expedite future labours. But though this is the obvious and logical account of the origin of capital, and may be, to some extent, illustrated from the practice of savage races, to draw a conclusion from it, that economical labour can be considered independently of economical capital, is to confound a primitive cause with a modern effect. If I have made myself at all plain, I have already shown how capital and labour in what we have to consider an organized and progressive society are interlaced, how they are remunerated, and to some extent how far the more influential, and politically more powerful, of the two factors has been able to oppress the other. But to discuss the origin of primeval capital is a logomachy; and to infer, as some have done, that the analysis of its origin is to give a commanding position to the claims of labour, is a sophism, which will hinder instead of helping the true interests and the ultimate improvement of those who are popularly said to work for wages. And similarly, it is easy to exaggerate the functions of capital, and as it is easy so it is a common practice.

I have said that the limit of restraint imposed on human energies by what are known as the laws of nature is constantly being pushed back. But political economists have frequently assumed that the limit has been reached, and that it will be driven back by no new discovery or utilization of force. This disposition

to look on human skill as having exhausted its powers, and therefore to indulge in economical pessimism is frequently found in the works of the most approved writers. Let me take some utterances of Mr. Mill, and in taking these I do not by any means exhaust his sinister predictions. Mr. Mill has accepted, with all its gloomy riders, the doctrine which has been called the law of diminishing returns; he distressed himself with Mr. Jevons' inquiry into the probable exhaustion of the English coal-beds, and the consequences to English industry and English life, when we were at once deprived of motive power and warmth, inferring from it especially, that it was necessary at once to set about clearing away the public debt, since hereafter we should be certainly unable to do so; and in his investigations into population, and the reputed causes of its redundancy, he concluded that the field of foreign supply was very narrow, and would soon be exhausted. Now in these three alarms he confounded a present impossibility, the interpretation of which is subjective, and should be founded on facts, with a manifest impossibility, afforded by the inex-pugnable resistance of natural law, which is objective.

Now I will grant that it is a manifest impossibility to grow 300 bushels of corn to an acre of land, or $7\frac{1}{2}$ tons of grain food for man and animals, or, at any rate such a rate of production is inconceivable, the best present average being, say, $1\frac{1}{4}$ tons or 48 bushels. I can more readily admit that we shall not be able to convey goods and passengers over a railroad at the velocity of a cannon-ball, during the first few seconds of its progress, or that, granted that Mr. Jevons was accurate in his estimate of the coal-fields, of the rate of production, of the rate of consumption, and that he was also right in postulating that no economy in consumption, and no substitution of any other force, was possible, the future exhaustion of coal supply in Great Britain was a calculable problem. I will admit that, when Mr. Mill wrote, the cost of freight by rail and steam vessel was so high per ton mile, that it must have materially curtailed the possibility of supply from distant regions. But in all these cases a present impossibility, as it seemed, was found out to be no manifest impossibility, that it was a subjective, not an objective hindrance, and that the real limit was not rightly taken.

It was, when this acute and excellent person wrote, conceived to be impracticable to reduce haulage charges below a certain cost, and the speed of transit below a certain time rate. That an express train should be able to go easily and safely at the rate of seventy miles an hour or more, that the cost of repairing the permanent way should be reduced to a third in amount, and that material for the rails of the future should be almost indestructible, and that such economies of fuel could be effected that the same force could be elicited, or a superior product attained by a third of the consumption of fuel or less, was not anticipated. No one can blame a writer on such subjects for not foreseeing the results of modern invention and skill; but, on the other hand, no one can praise him for assuming that the present conditions were permanent. The elastic band of which he speaks is far less rigid than he imagined, as time has proved.

The real occurrence of something like a coal famine, shortly after Mr. Jevons' predictions were uttered, and were endorsed by Mr. Mill, seemed to give reality to the forecast. In reality there was a sudden demand for fuel power, owing mainly to the demand which arose for restoring the waste of a peculiarly destructive war between France and Germany, and the consequent stimulus which the void occasioned to the British manufacturer, who then occupied the field of supply. The price of coal rose rapidly, and every one who had property, or thought he had property in coal, hastened to take advantage of it. My friend the late Professor Phillips told me that from 500 to 1000 square miles of new coal-fields were discovered. Nearly double the number of coal-pits were set to work, and the production of the article has never recovered from the inflation. I remember that, three or four years ago, I sat on a committee for sixteen days, listening to the arguments for and against sixteen miles of new railway, which was to pass over one of the Yorkshire coal-fields. Every landowner but one, whose land it was intended to pass over, was favourable to the project, and we passed the Bill, though with some modifications. The Lords, however, threw it out. Now I asked one of the land-owners who wished to get the Bill, Mr. James Lowther, why they set so much store by it, seeing that no part of the district was more than $2\frac{1}{2}$ miles from an existing railway; and he told me,

I do not doubt with perfect accuracy, that such was the competition, that the difference of profit and loss on working lay in those $2\frac{1}{2}$ miles of haulage. I shall show presently to what course part of the fall in price is due. But the facts are an instructive comment on Mr. Jevons' prediction and Mr. Mill's alarm.

There is no doubt a limit in the production of corn to the acre, but no one has discovered what the limit is. It may be that the increase, as the Ricardians say, can only be obtained at a greater relative cost, though I very much doubt whether such a fact has ever been registered. But I am sure that no one has yet discovered what is the maximum producible of particular crops, under favourable conditions. The sewage farm of Croydon is an area of 600 acres, a light and not otherwise fertile gravel. But being irrigated by the drainage, the fertilizing powers of which it completely exhausts, and discharges as pure water, it will grow for ten months in the year an average monthly crop of rye grass at the rate of seven tons to the acre. After a time the sewage is shut off from some portions and oats sown on the land. Of these the land commonly yields a good 100 bushels to the acre. It may be retorted that this produce is exceptional. I will give you an instance in ordinary cultivation. A friend of mine, who had a large London establishment, bought a country seat, with fifty acres of land about it. It was like the Croydon farm, a light gravel, which readily took and gave back what fertility could be bestowed on it. My friend kept a very large quantity of stock. In the autumn of one year I witnessed the preparation of one of his fields. He trenched it, every four feet, with trenches two or three feet deep, filled the trenches with good manure, and levelled the ground. In the spring he sowed the land with rye grass and vetches. The growth was so rank, that when I went to see it as it was being fed by sheep, it almost reached to the top of the hat of a man who was six feet high, and the ground grew more than twenty tons to the acre of green food. He told me that the husbandry paid him well. The same kind of reasoning will apply to Sutton's culture at Reading, and I could give you instances of ordinary farming of a very excellent kind, with similar results.

Similar illustrations may be given about the cost of freight.

I should think that at present, notwithstanding the hindrances which protective regulations have put on international trade, freights by rail or sea do not cost more than a fifth of that at which they stood when Mill wrote. The ship is built more cheaply, sails more safely and more quickly, consumes less coal, requires fewer hands, and is laded or unladen far more rapidly than it was a few years ago. The low cost of freight is alleged by Mr. David Wells, one of the ablest American writers on economical subjects, to be the principal cause in the fall of market prices for heavy goods, no doubt a matter of severe competition to the British farmer, but of infinite interest to the British consumer, and not a little to the manufacturers, to whom cheap material is a benefit of the first importance. Now a diminished cost of freight is a lessened charge, and though profits may seem to fall, chiefly in relation to the estimate made of fixed capital, and the interest which it is calculated to bear, the prices of manufactured goods do not tend to fall in the same proportion that the price of the material falls.

Now these results are brought about by two motives, which are the inevitable outcome of free competition. People have a habit of saying that competition lowers prices. If it does so, in the manner that I am about to describe, the lessening of price is never equal to the lessening of cost, and lowered price may after all mean increased profit. Over and over again people have found that fortunes have been rapidly made because prices have been lowered, while profits have been heightened. These two motives are—(1) The motive to save labour; (2) The motive to save cost. Thus when mechanism is employed in place of labour, labour is saved. When the force needed to bring about a result is lessened, or the time interposed between the process and the profit is shortened, there is a saving of cost. It does not follow that the wages of labour are reduced, because the cost of labour is lessened. On the contrary, it is generally, perhaps invariably, found, that if the efficiency of labour is increased, the wages of labour are bettered; for, first, profits are increased, and there arises a competition for the profit-making agent; and next, efficiency is a kind of fertility, nay, the best kind, perhaps the only kind of fertility, and therefore has to be paid for. It by no means follows

that when competition drives down profits, the wages of skilled labourers are also lessened. Their number cannot be suddenly increased, and when competition is keen, under the conditions of modern manufacture, the demand for their services may be heightened as long as it is a demand.

So again with the saving of cost. All processes of invention, as opposed to the discovery of new powers in substitution of labour, save cost. In Siemens' furnace, for instance, greater efficiency is obtained and with less expenditure of fuel. In Bessemer's process for the manufacture of steel, the material is made to purify itself, by the combustion of injurious admixtures. The substitution of the hot for the cold blast, and a thousand other examples may be given of the saving of cost, and hundreds of people, engaged in engineering and similar callings, are constantly busy in striving to get greater results at less cost. Now it is probable that new machinery and even saving of cost may shorten, even extinguish, employment. Economists cannot get themselves, it seems, out of the pernicious habit of treating all forms of capital and labour as equally mobile, because they always have in their mind balances at a bank, which can be readily transferred, and accountants who can do as well in a merchant's office as at a banker's. Hand-loom weavers were ruined by the power-loom. Domestic industries have been extinguished by manufactures. No doubt railroads injured coach builders, as they did canals and turnpike roads. Nor must we conclude that it is a good thing to dispense exceedingly with human labour, any more than it is with human employments. Perhaps a better rent is got for land as deer forest than for land as occupation ground for cottars. But unless the gains of the individual are to override every other consideration, it is a very arguable question whether the state should permit such a kind of occupancy as drives out man. The defence, and it is generally in the long run, a good defence for invention and substituted forces, is that in a very short time labour is merely displaced, occupation is really increased, and the conveniences of life are multiplied and cheapened. But in a deer forest, only the first of three ends is achieved. I hope that I have sufficiently illustrated my statement, that while Production is limited by law and nature, the limit is not easily discoverable, and the power of adapting the processes of industry to these laws,

is and will remain unknown, and I thought it best, in discussing the subject of English pauperism, to preface what I had to say by a short account of the relations of labour and capital to production; for it is in the earlier stages of invention and improved production in England, delayed in a singular manner in this country, that the worst and the most lamentable exhibitions of English pauperism were made manifest, and at last became intolerable, after having been long scandalous.

Even though they make them too rigid, economists are agreed that the laws of production are laws of nature, those of the distribution of wealth of human institution, wholly or mainly. By distribution is meant that part of the gross product which is received by each of the contributors to the partnership. By saying that the laws of distribution are of human institution only, economists intend, not that products are of necessity arbitrarily assigned to each of the agents, but that the whole product being in the power of man in society, they could be distributed (not indeed to the total exclusion of one among the contributories, for in that case the others would perish) according to the discretion of those forces which are and must exist in order to constitute a society, in such proportions as those who undertake, usurp, or are intrusted with the administration of society may determine. These parties are four—the recipient of interest, the superintendent of labour, the labourers ordinarily so-called, and the recipient of rent. For reasons already stated, the second and third of these are analytically one, though in the distribution of the product, the second may be able to secure great advantages over the third. Again the first and second may merge in the same person. The superintendent of labour may be a capitalist employer, who is indebted to no one for a particle of the capital which he employs in his calling. In general, however, and especially in modern times, a great amount of business is carried on with borrowed capital.

Now in point of fact, if credit is maintained, interest is secured, and seems to be first paid out of profits or products. But it must be paid after labour, whether it be that of the superintendent or workman, is at least kept alive. In short, interest on advances or loans is due to an anticipation that labour will be productive enough, after it has been kept going, to leave enough to satisfy the

lender. This is equally true if the capital is actually borrowed, or introduced into the calling by the superintendent of workmen. If such a satisfaction is not accorded, the loan rapidly passes from the active into the passive form of wealth, is hoarded instead of being lent. If the insecurity of compensation is so great that people who have wealth will not lend it, the disposition to hoard will be intensified, and the reason is that the motive for saving is the provision against emergencies, and that this feeling is stronger and more enduring than saving for the sake of profit on loans. It is a mistake with many economists to say that saving is due to the desire of profit. If people could get no profit or but a small profit or interest, they could still save, perhaps save all the more, for it is found necessary, with prudent people, to save for the sake of security, and we may be sure that people saved and hoarded with the greatest energy, before they could find the people whom they could trust as borrowers; and similarly, a very low rate of interest stimulates saving.

Now it is generally said that the last of the whole four to be paid is the recipient of rent. And this, when in a society the distribution is effected by competition only, is certainly the case. Rent, it is alleged, cannot arise till the others are satisfied or at least paid. Hence it is said, and with general correctness, that rent does not enter into price, and Adam Smith was adversely criticised for saying that it did, for it was alleged that rent was the result of price. This is true, even in those cases which some economists have been inclined to except, as the rent of factories and shops. Now setting aside the payment made for the building, which is no more really a rent than payment made for the use of machinery or tools is, however great the rent of sites or ground rents may be, we shall be quite safe in assuming, that there is an advantage, technically called a fertility, in particular sites, which induces the person who hires the ground to give more for it than he would for a piece which has less advantage or attraction. Rent is paid for fertility, that is for qualities which enable the occupier to pay more out of his produce than is sufficient to pay interest, wages, and profits.

But though Adam Smith's statement was not economically sound, it was not historically incorrect. Undoubtedly in the

earlier stages of this and other societies, rent was a tax, levied by downright force, either without the pretence of an equivalent, or as the representative of reciprocal advantage, as defence, and payment for administration, or as mere blackmail, the rent receiver, in consideration, refraining from plunder. And this is, I think, the origin of the old law of distress, under which, when the tenant failed to pay his rent, the landlord, or overlord, was entitled to seize his chattels on that part of his holding from which the rent issued. I have often found that rents in old accounts are put under bad debts, because the lord's agent "did not know on what land to distrain."

Hence you will observe that an economic rent might totally disappear, and no one but the former recipient of rent be any the worse, but every one also all the better. Rent is no matter of concern to any one but the landowner, just as any other kind of revenue-bearing property is, which becomes obsolete and unprofitable, as a canal no longer used. If the earth brought forth so abundantly and so readily for those who consumed its products, that the price realized for the sale of agricultural produce was only sufficient to pay the cost of cultivation, of collection, and of exchange, there would be no place for rent. In an ideal state of plenty there would be no economic rent. I say ideal, for in experience even the most fertile countries pay rents. If land were all equally fertile, as long as demand raised the price of farm produce above cost and exchange, there would be rent, though MacCulloch, who was a demented Ricardian, said it would not. But, on the other hand, everything which tends to diminish rent by plenty and cheapness approaches in its degree that ideal condition in which land is so fertile and so abundant that there is no place for rent. Of course they who have hitherto received rent fancy that when it falls or is reduced, the country is going to ruin, but they who buy agricultural produce know better. No doubt, if I were a great recipient of rent, I should find it difficult to reconcile my interests with my convictions; as it is, I can afford to be an entirely dispassionate economist.

You will observe that I do not quarrel with rent. I find no fault with it, and I would not interfere with it, unless under certain circumstances, which I shall, I trust, make plain to you. It is not, however, a sacred right, but the result of certain natural facts, as

natural as labour, waste, and friction are. It comes out of the limitation of human happiness as a doctor's fees do out of the limitation of human health. Still less would I counsel either its confiscation as Mr. George does, or its compulsory purchase as Mr. Mill did. The former policy I think would be an injustice, the latter would be a folly, or, to be more strictly economical, an unwise bargain. If we had bought the English landlords out, more than fifteen years ago, when Mr. Mill was insisting on the unearned increment, every one who knows anything about present English rents, would agree with me in thinking it a most incautious proceeding. It is true that the landowners treated Mr. Mill's proposal as one of confiscation. Their opinions are probably altered now. But they cling to the Ricardian theory that high prices cause high rents, and are still expecting the unearned increment. In my opinion it is as much vanished as the feudal system is. But the reduced cost of freight is not the only cause of their declining prosperity, as I have already shown. And here I may observe that there is one advantage which the condition of a person who is at once owner and cultivator possesses, and yet has escaped the notice of economists, that he is to some extent removed from the risk of one or more of those artificial laws which regulate the distribution of wealth. He is not so much affected by high and low prices as the rent receiver is, for he lives on the labour of his own hands, for the greater part of his expenditure.

Now as I have already told you, interest always tends to diminish as wealth increases, on the presumption that men are honest in their contracts. The reason is that on the desire of accumulation for the sake of safety comes at a subsequent stage a desire of accumulation for the sake of income, the principal remaining intact. Now if laws such as usury laws meddle with the latter and later tendency, they may tend to drive the latter into the former impulse, and so raise the rate of interest, while their object has been to lower it. One great service among many which Bentham did was to point out what usury laws were doing. At last they were abolished. It was seen to be inexpedient in the interest of borrowers, and ultimately in the interest of lenders to regulate the rate of interest by law, to make the laws of human institution meddle with loans. At the same time, it is clear that if money contracts are rigidly en-

forced, a bankruptcy law, to include all debtors, becomes necessary. The usury laws cut down the interest of the loan, the bankruptcy, the principal. But though in my opinion there is no economic difference between a usury and a bankruptcy law, for both are regulations of free contracts, there is a great practical difference. In the usury law the state regulates the contract, by a theoretically rigid rule. In the bankruptcy law equity regulates the contract, and by a variable rule. Besides in the bankruptcy law, the creditor blames himself; under usury laws, the creditor blames the law.

Now it is quite possible for human societies, acting on the rule that the distribution of wealth is of human institution only, to seriously curtail rent. There is already a school, which diligently teaches that rent is a fraud, an extortion, a misappropriation of the wealth which labour has created. It is not improbable, as the real origin of rent becomes better known, that these opinions, however unjust, unfair, destructive, may grow in intensity and work evil; for landowners in England are not conciliatory, claim very unjust privileges, and having made their gain out of the industry of society, strain every effort to further plunder the society to which they owe so much. They talk of the burdens on land, which are light, and should be heavy, for a spontaneous growth of wealth, to the origin and increase of which the fortunate owner has contributed nothing, is a peculiarly just subject of taxation, and not as it is in the United Kingdom, a peculiarly favoured subject of exemption. But except in the protection of some occupiers from outrageous pillage, the state has not used its powers over rent, or the receiver thereof.

It has been found disastrous to meddle in the interest of the rent receiver with interest and profits. With interest it has not meddled directly, though the *mørtgagor* is treated with more consideration than any other debtor is, for he has to bear no such loss as an ordinary debtor does, if his pledge is depreciated, and is assisted by what is called the equity of redemption, in case he makes default in his payments, and his pledge is forfeited. But that form of interest and profit which is anticipated from the employment of farmer's capital is, and long has been, at the mercy of the rent receiver, as I have already shown you, and it is because the profits, interest, and capital of the farmer have been absorbed

by aggressive rents, for some of the consequences of which the farmer is responsible, that the present unfortunate state of agriculture, the present depression of trade, and in particular the serious stagnation of the home market are due. True to their instincts, the landowners are seeking to retrieve the consequences of their own action, and their own selfishness, by demanding further sacrifices from the general public, the relief of themselves from their just liabilities, and the imposition of food taxes on the general public. I have a strong conviction that if they are not wise in time, their latter end will be worse than their present state.

It has been possible and easy for the legislature to employ its powers in the distribution of wealth in the direction of lessening the share of the recipient of wages by positive enactments, and for it to lessen both profits and wages in the interest of rent. It has been possible for the legislature to deceive the recipient of profits so entirely by plausible statements, as to make him an accomplice in the oppression of the workman, and in the end to devote his own energies and powers to the oppression of himself. When forty years ago, the mass of Englishmen threw off the old restrictive laws which were intended to promote the artificial exaltation of rent, they had become alive to the iniquity of the system; now it seems some of the people are apparently being gulled by the sophisms from which their fathers freed themselves. They seem to think too that they can persuade the workmen that artificially high prices, *i.e.*, prices which stint supply, will make better wages, and give more employment. This state of things will lower wages absolutely and relatively, and stint employment.

Now I have told you how, for 200 years and more, the representatives of rent tried to depress wages by force of law, in the interests of rent and failed. So complete was the failure that in 1495, the legislature enacted that scale of wages for which the workmen had contended, and so left them in the possession of the situation. The workman had his trade union and benefit society in the guild to which he belonged, an institution which I shall attempt to describe hereafter. The condition of the country was eminently one of small holdings. In a Surrey village, Tandridge, some of the history of which I shall often refer to, there were, in 1600, forty-nine owners or occupiers, whose average holding is nineteen and a half

acres, and I have no doubt that such holdings continued for more than a century longer. A peasant who has land is in a much better position to make an independent contract for his labour than one who is landless. The landowners and farmers know this. They have contrived to dispossess the peasants of all interest in the soil, and they do their best to keep them landless now. In an earlier lecture I gave you an account of the numerous Acts of legislation by which the landowners in Parliament strove to depress the labourer's condition, but in vain. I am now dealing with the circumstances which secured their success, and followed on it.

Now the circumstances which led to this total rout and subjection of the workmen were, first, the deluge of base money. The amount of this was equal to the average coinage of gold and silver for any seven years during Elizabeth's reign, and was almost certainly equal to any ten years' coinage of her father's reign. When base money is put into circulation by rulers, the heaviest loss, nearly the whole loss, falls on the poor. This is what makes the crime of the smasher so peculiarly infamous. Then came the confiscation of the guild lands, and the loss of all the benefit society's funds, an act of embezzlement of which Somerset was guilty, who added the crime of hypocrisy to that of robbery, for his plea was that the endowments were devoted to superstitious ends. Next comes the inevitable rise in prices. Now if labour was as free as the winds, it cannot made head against heightened prices, a fact which I make no doubt Fair Traders know perfectly well, when they seek to delude working-men with the falsehood that high prices bring high wages. Provisions rose $2\frac{3}{4}$ times ; that is, 16·6 shillings after the change went no further than 6s. did before, and wages remained nearly unchanged. Finally, came the statute 5 Elizabeth cap. 4, under which the labourer's and artizan's wages were fixed by Quarter Sessions assessments, severe penalties being denounced against those who took more or gave more than the justices allowed.

This famous Act, which consummated the degradation of the poor, made pauperism inevitable, and misery universal, was really no new legislation. The Act repealed all the old statutes of labourers, and re-enacted all the provisions of those Acts. It did not provide any new machinery, for the administration of the old laws had been in the hands of the justices for nearly the whole 200

years, and sometimes the right of making the assessment. What it did was to seize the opportunity, when the workmen were helpless, to consolidate all the old statutes, to draw up rigid rules of apprenticeship, so as to make agricultural the residuum of all labour, to enact exhaustive penalties, and to leave no loophole through which workmen could escape, so as to better themselves in the struggle with their employers. The English Statute Book contains many atrocious Acts, most of them with hypocritical preambles. This Act of Elizabeth is, in my judgment, the most infamous of them, for it was levelled against every right of the poor, even of the poor to live, and entirely in the interest of rent.

The magistrates duly met, and issued their schedules of wages. I have discovered thirteen of them, and perhaps, hereafter, more will be found. They invariably prescribe wages which I am sure, from the evidence of prices, would not, even if the peasant had continuous employment, find bread for him and his household. It was inevitable that he should be driven on private or public charity, on the alms of the generous, or on taxes levied for his maintenance on all occupiers. It is some satisfaction to find that, despite these penalties, the wages actually paid were a good deal above the justices' assessments. Employers were more generous than the "little tyrants of the fields." Thus out of seven assessments between 1593 and 1684, the average allowances for eight kinds of labourers and artisans, three of the former and five of the latter, were 3s. 0½d., 3s. 0½d., 4s. 0¾d., 5s. 3d., 7s. 0¾d., 7s. 11¼d., 5s. 3d. a week. The average of wages actually paid was 5s. 4½d., 5s. 2¼d., 5s. 5¼d., 5s. 9d., 7s. 5d., 8s. 1½d., and 8s. 3d. It should be noted that the highest assessments were made during the Commonwealth, and that an attempt was made to reduce wages after the Restoration. The labourers, as far as the will went, were better off under the rule of the saints than they were under that of the sinners.

Legislation for the relief of the poor, at first by voluntary contributions, began with the year 1541. Between this date and 1601 inclusive, when the famous and permanent statute of Elizabeth was enacted, there were twelve Acts of Parliament passed with the distinct object of providing relief against destitution. These Acts, which are a very instructive study for the economical history of England, can be found in the contemporary issues, a complete set

of which is excessively rare—our copy in Bodley being to some extent defective—and in the folio reprint—copies of which, the volumes extending from the earliest times to the conclusion of Anne's reign, were sent by the express authority of Parliament to the college libraries of Oxford and Cambridge. In ordinary collections of these statutes, they are omitted as repealed or obsolete.

Now it was at first believed that private benevolence would fill up the void in wages which bad government had made. But private benevolence can never grapple with a national calamity, even if it is very active. When, moreover, the head of the state is rapacious, lying, extravagant, reckless, and dishonest, ordinary human nature, especially when it is severely pinched by the exhibition of these vices on a gigantic scale, is more apt to loyally imitate them than to remedy the mischiefs which they have occasioned. Still it is possible that Henry and his son's guardians fancied that private charity would fill the void. The "Supplication of the Beggars" calculates that the alms given to the begging friars amounted to £45,333 6s. 8d. annually, and if people would give so much to the professors and teachers of a creed which the king had dispossessed and proscribed, surely they would give as much to misery and poverty. But it has been constantly found that men will give to what they believe to be a religion far more freely than they will to what they know to be want, and perhaps with reason; for it is very difficult to distinguish between want and fraud, between real distress and simulated poverty. It is certain that the anticipation was disappointed.

These statutes were of various character. At first they only claimed voluntary gifts, collections in churches, made at first in Midsummer, afterwards more prudently postponed to Christmas. Very soon the appeal for voluntary aid was followed by exhortations to the richer folk to give of their abundance. Soon the caitiff who would not give was to be delated to the bishop, who was to exhort him. In Mary's reign, obstinate covetousness thus reported was, it seems, to be considered a suspicion of heresy, and inquiries were to be made. Very soon compulsion followed. The rich but covetous man, who remained obdurate, was to be sent to gaol, and an assessment levied on his goods. Finally, a general assessment was ordered.

I have been fortunate enough to recover, and have printed one

of these assessments. It is a rate levied on the parish of Tandridge, for the relief of the poor and of maimed soldiers, besides other objects, such as the maintenance of prisons and hospitals. The unit of assessment is a penny an acre, and the justices direct that only one rate a year shall be levied on owners and occupiers of under ten acres, twice a year on those above ten and below thirty, all additional assessments, if required, being paid by those who had over thirty acres. The system was therefore one of graduated taxation. But the rate provides that if the occupier has little land, but a good house, he shall not be exempted from a tax which is not to be too heavy on the poorer tenants.

The fact that laws for the relief of the poor were enacted after the Dissolution of the monasteries has led some writers to connect them with this event. Others have pointed out, perhaps to relieve the Reformation from these odious features, that poverty, for which the state was anxious, existed before this action of Henry. I dare say that the Dissolution aggravated the evil. It is possible that sheep-farming, rent-raising, and attempts to aggregate farms may have increased the mischief. But I am entirely convinced that the four causes given above are amply sufficient to account for it.

The Act of 1601 was at first temporary only, being enacted from Parliament to Parliament, and therefore regularly included in the continuance Acts. But there is no reason to believe that the legislature from the first ever thought that the system of legal relief could be abandoned. It was impossible, with the experience of prices constantly rising, and with the system of justices' assessments in full operation, to contemplate the diminution of destitution as within the range of a probability. In course of time, the doctrine began to take root, that as the poor, when in want, lived from the land, they could not be wronged, if they were deprived of every other interest in the land, as, for example, commonable rights of pasture. The song which, while it bade the rustic "hang sorrow and cast away care," also declares that the parish "was bound to find them," is much more the abandonment of despair than an outcome of contented thankfulness. The Act of Elizabeth, rendered perpetual at the Restoration, was substantially the law for the relief of the poor till 1835.

I do not know that there can be alleged an economical defence

for the relief of destitution. It does not seem to me that Mr. Mill's argument, that the individual man is not responsible for his own existence, makes a very strong case for the responsibility of those who are no more concerned in such a person's existence than he is, nor do I think, if we could conceive a state of things in which the maintenance of the destitute became an intolerable burden, that the argument would be cogent. Assume a contingency in which the struggle for existence leaves no margin for those who work, and I do not think that men would elect to starve themselves on behalf of those who do not or cannot work. But defective as the economical defence of the legal relief of distribution is, the moral and political defence of the practice is, I think, overwhelmingly strong. The loss which every solvent ratepayer bears in relieving others is cheaply purchased by the law which prevents the hardness and indifference which would ensue if one were familiar with the sight of unrelieved distress. The cultivation of that habit of mind, under which, in spite of one's being compelled to make a sacrifice in order to effect the result, men are indignant at the poor perishing for lack of bread, is of no little social value. The struggle after comparative abundance, or the competition of those engaged in the struggle, is studied by the economist, who discusses its conditions and its issues. But the moralist is glad when the struggle is suspended, or some of its fruits are abandoned, in order that those who fail in the effort may live. So too, the politician or statesman, who wishes that the mechanism of that society, whose affairs he administers, may move with the least friction, knows that the despair of those who are famishing, though he may be able to curb its outbreaks, is a discredit always, and may become a danger. Here, however, one's concessions cease.

The necessity of the English Poor Law can be traced distinctly back to the crimes of rulers and their agents. I do not say that if those four causes which I have recounted had been absent, destitution would never have ensued; but I am certain that it would have been more manageable, the police which legal relief must in the end administer would have been less harsh, and the relief itself more gently given and more gratefully received. In a vague way, the poor know that they have been robbed by the great in past time, and are stinted now. Nor can any defence be alleged for the

manner in which the rate is distributed. The gain of a Poor Law, that is, the fact that relief is a harsh form of insuring labour against sickness, old age, and incapacity, and therefore operates in reducing wages, is on the side of employers. The maintenance of the poor is laid on occupiers. No doubt, the fact that the small occupiers do not employ labour, and therefore are not so justly chargeable with its relief, accounts for the system of a graduated rate, which, from the example of Tandridge, evidently prevailed in the early days of the English Poor Laws. And, above all things, it is scandalous in the highest degree, that great mansions and parks should be now rated at nominal sums, and by people who are personally interested in obtaining exemptions from contribution. This gross unfairness is dangerous as well as dishonest, for there is no little risk, when these practices are not only seen, but understood, that there will be an effort after differential taxation in that direction which will invert the present process.

At the Restoration the law of parochial settlement was enacted. Mischievous and selfish as the Act was, it was, I make no doubt, thought urgent by the heavy incidence of the poor rate in the wealthier counties, and justified as a return, in a sense, to the old practice of parochial responsibility. It produced in the end, a special evil, now fortunately historical, of the close and open parish—the former being one in which the whole parochial area belonged to one person, who could expel from its borders those who might be chargeable, and might therefore get his destitute labourers supported at the charge of others; and the latter, one in which, owing to a plurality of proprietors, such a policy was not possible. This evil, remedied in part by Gilbert's Act, passed more than a century ago, under which a number of urban parishes could, for the purposes of relief, be included in one, was cautiously and at last completely altered under the New Poor Law. I can well remember the whimsical indignation displayed by some of these close proprietors when they were made to take their share in the common burden. I lost the friendship of one or two among them owing to my zeal for this reform, and bore the loss with patience.

Just before the Revolution, a return, preserved by Davenant, was made of the poor rate in the several English counties. I will not trouble you with the details. It is sufficient to say that the poor

rate was much heavier in the midland, eastern, and southern counties, than it was in those north of the Trent, though from the returns of the hearth tax, an official document, it appears that the North was, on the whole, as densely peopled as the South, though far more backward in the conveniences of life. Again the poor rate, relatively speaking, was exceedingly heavy. For the time at which it was taken, it was about half the revenue of the Crown in time of peace, a proportion which no later statistics have ever disclosed, even at the time when it was over eight millions, just before the change in the law. Again, the bonds of the parochial settlement was made more strict after the Revolution than they were before. The great change which settled the Constitution brought no amendment to the peasant's lot. But, in point of fact, the seventeenth century was one of almost unbroken misery to the workman. At the conclusion of it, Gregory King sets down all the labourers as a class which contributes nothing to the annual savings, and the farmer as contributing next to nothing. During this century the population doubled, and in the eighteenth was again doubled.

Arthur Young notices with dismay and anger that, though the wages of workmen had risen considerably at the date of his tours as contrasted with those of a generation before, poor rates had notably increased likewise, and he ascribes the disagreeable phenomenon to the increase of tea drinking. It was due to a far less recondite cause, one, however, which he would not have liked to admit, for it would have been a shock to a system which he greatly admired. The growth of the poor rate, despite the increase of agricultural wages from about 7s. 6d. a week to 9s., taking the harvest gains in, was due to the enclosures, the consequent exclusion of the poor from small agriculture, and to the curtailment of bye-industries. It was these bye-industries which kept rates low, and even wages low in the North. Besides, enclosures went on far more rapidly in the South than they did in the North, as Young indirectly testifies, and as the agricultural returns of his own department prove. The poor became more straitened even when prices had not seriously risen, because they were more and more divorced from the soil. At last the law of Elizabeth annexing four acres of land to every cottage, and prohibiting overcrowding was

repealed. It was a great boon to the peasant, but it was a hindrance to enclosures. He has not yet recovered it.

The first half of the eighteenth century, owing to the prevalence and success of the new agriculture was one of great plenty, high profits, low prices, and increasing wages. I have no evidence on the subject of poor rates, but I conclude from Young's contrasts, that they were stationary or declining. The next quarter was not unprosperous; the last was one of high prices, low wages, and unparalleled suffering. The distresses of the poor attracted attention, and Sir Frederic Eden essayed their history. For his own time it is valuable, for the near part useful, for the remoter past his work is worthless, for he had no information, and he does not appear even to have studied the Statute Book. Rents rose rapidly, and the farmers began to grumble at the justices' assessments as too generous to the poor. Acts of Parliament were passed, restraining the use of barley in beer, restraining the excessive bolting of the bran from wheat, the king had bran loaves served on his table, and the princesses wondered that people would starve, while cake could be got. "I would sooner," said one of these innocent creatures, "eat bread and cheese than starve."

The magistrates of Berkshire, appalled at the magnitude of the calamity, and at their wits' end to devise a remedy, at the close of the century devised a new mode of relief, which, from the place of their meeting, got the name of the Speenhamland Act. They were encouraged in their course by an interpretation which they put on two Acts of Parliament, 9 Geo. I. cap. 7, and 22 Geo. III. cap. 83. They assumed a certain sum, according to the price of wheat, which would, they conceived, support a man, his wife and one child, and that they declared to be the minimum earnings. In the case of a man whose family was more numerous, they despaired of obtaining increased wages from the employer, so they added the necessary sum from the rates. This was known as the allowance system, and was greatly condemned by the more zealous Malthusians as a premium on population, or as they sometimes said, incontinence. No one was struck at the outrageous injustice of making those occupiers who did not employ labour pay the wages, often half the wages, of those who did employ labour. Shortly after its adoption, Mr. Whitbread tried to give legal

authority to the practice, but it does not seem that it was ever invested with this dignity. It prevailed till the new Poor Law was passed, and so mechanical was it, that I remember two cases in my own native place of provident and furtive day labourers, who saved up the price of a small farm from their allowances.

At last the system became intolerable. The rates in the open parishes were eating up the whole rent, and the landowner's device was rapidly becoming the landowner's ruin. A new system was tried by Mr. Nicholls and Mr. Lowe, at Bingham and Southwell, and its success suggested the new Poor Law, which the Whigs, guided by the metaphysical economists, carried. It was necessary, but the process of change was inverted. It should have followed, not preceded, the reform or abolition of the Corn Laws. But the Whigs thought that the landed interest would be ruined if the people had cheap food, and naturally preferred the former to the latter interest. Curiously enough, Mr. Villiers' return of wages, some few years afterwards, when he was at the Poor Law Board, showed that wages in the aggregate had risen rather more than poor rates had decreased. By this time the right persons were paying them.

The apparently selfish policy of the party which carried the new Poor Law led to the establishment of Chartism. It was of no little service in its early days to the Conservative party in the North, and even in its decadence it is of service to that party now. It coupled political reforms with a socialist or quasi-socialist economical platform. Some of these economical purposes were good, as, for example, the Factory Acts, and there is little doubt that this beneficent change was greatly aided by the working men who followed Oastler and O'Connor. These people, however, were so unintelligent that they resisted the repeal of the Corn Laws, on the plea that free trade would lower wages. Even now, it is said that not a few of them believe that a period of high prices, created artificially, would heighten them. You at least are not likely to fall into this delusion, for the whole consensus of facts proves the reverse.



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